



# **Comprehensive Annual Financial Report**

*For The Fiscal Year Ended  
June 30, 2008*

*Mayor*  
Cheryl Cox

*City Council*

Steve Castaneda  
John McCann  
Rudy Ramirez  
Jerry Rindone

*City Manager*  
David Garcia

Compiled under the direction of  
Maria Kachadoorian  
*Director of Finance/Treasurer*

**CITY OF CHULA VISTA**  
**Comprehensive Annual Financial Report**  
**June 30, 2008**

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## **INTRODUCTORY SECTION**

January 21, 2009

**To the Honorable Mayor, Members of the City Council  
And Citizens of the City of Chula Vista, California**

The Annual Financial Report (the Report) of the City of Chula Vista for the fiscal year ended June 30, 2008 is hereby submitted in accordance with City Charter section 1017 and section 25253 of the Government Code of the State of California. The accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, are the responsibility of the City. The Report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). It is believed that the data reported is accurate in all material respects, that it is presented in a manner designed to fairly represent the financial position and results of operations of the City as measured by the financial activity in its various Funds, and that all disclosures necessary to enable the reader to gain maximum understanding of the City's financial affairs as of June 30, 2008 have been included.

The independent auditing firm of Macias, Gini and O'Connell, LLP has issued an unqualified ("clean") opinion on the City of Chula Vista's financial statements for the year ended June 30, 2008. The independent auditor's report is located at the front of the financial section of this report.

Per Generally Accepted Accounting Principles, all State and Local governments required to comply with GASB 34 must prepare a Management Discussion and Analysis (MD&A) report which provides an overview and an analysis to accompany the financial statements. This transmittal letter is designed to complement the MD&A, which is located immediately following the independent auditor's report.

Also, as a recipient of federal and state financial assistance, the City is required to have a "Single Audit" performed by our independent audit firm. The Single Audit was designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require that the independent auditor report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

## **GOVERNMENT**

Chula Vista was incorporated in 1911, and functions under a City Charter with a Council/Manager form of government. The City is governed by a four member Council and a Mayor, who serve four year overlapping terms, and are elected on a citywide basis. The City Council appoints the City Manager, City Attorney and City Clerk. Municipal services provided include police, fire, parks, recreation, libraries, planning & building, housing programs, street and drainage construction & maintenance, sewer services, etc.

### **THE REPORTING ENTITY (Activities included in the Report)**

The Report includes all activities carried out by the City as a legal entity, and also includes the activities of certain other entities for which the City Council is financially accountable as determined under the guidelines of the Governmental Accounting Standards Board. Although legally separate entities, these so called “component units” are under the City’s umbrella of accountability, and therefore, their financial position and results of operations are reflected in the Report.

The component units included in the Report are:

The Redevelopment Agency of the City of Chula Vista  
The Chula Vista Industrial Development Authority  
The Chula Vista Public Financing Authority

## **ACCOUNTING SYSTEMS AND BUDGETARY CONTROL**

The basic financial statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets.

Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

In administering the City’s accounting systems, primary consideration is given to the adequacy of internal accounting controls, which include an array of administrative procedures. These controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, as well as the reliability of financial records for accurate and fair presentation of financial reports. The concept of reasonable assurance recognizes that the cost of specific controls should not exceed the benefits likely to be derived from exercising the controls, and that this evaluation necessarily involves estimates and judgments by management. It is believed that the City’s internal accounting controls adequately safeguard City

assets and provide reasonable assurance of proper recording of financial transactions.

The City Charter assigns the Director of Finance with the responsibility to supervise and be responsible for the disbursement of all monies and have control over all expenditures to ensure that budget appropriations are not exceeded. The level of budgetary control, that is, the level at which expenditures are not to exceed Council approved appropriations, is established by department at the category level. An encumbrance (commitment) accounting system is utilized as a technique to enhance budgetary control during the year. Appropriations encumbered (committed) at year end are carried forward if authorized and are available to be used for those commitments during the subsequent year while unspent, unencumbered appropriations lapse at year end and become generally available for re-appropriation the following year.

The City Council adopts the formal budget before the beginning of each fiscal year and may amend it throughout the year as necessary. Expenditures may not exceed budgeted figures at the category level (Personnel, Supplies and Services, Other Expenses, Capital) by department. Financial status reports summarizing the year to date General Fund revenues and expenditures are presented to the City Council on a quarterly basis.

## **LOCAL ECONOMY AND PROSPECTS FOR THE FUTURE**

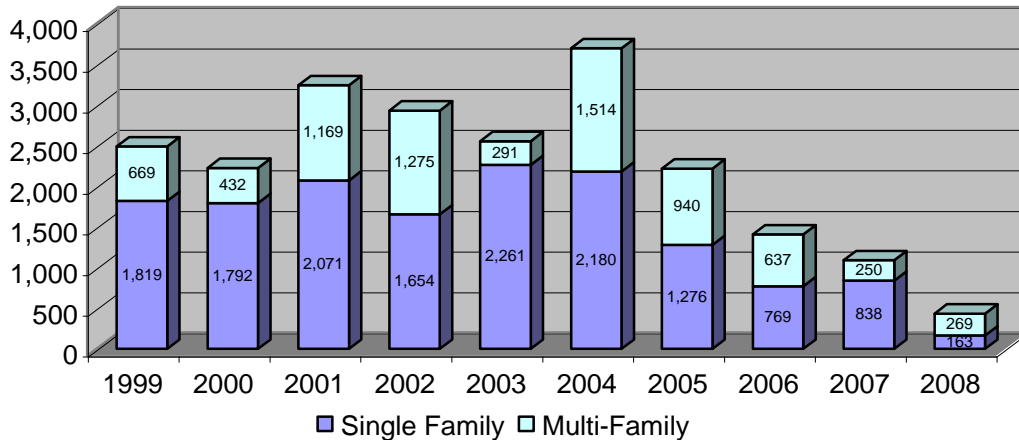
The City of Chula Vista, incorporated in 1911, is a city of great diversity, both geographically and demographically. It is a community of many choices and opportunities. The City of Chula Vista is located eight miles south of the City of San Diego and seven miles north of the Mexico border. Chula Vista's city limits cover approximately 50 square miles, which spans from the beautiful shoreline of San Diego Bay to the breathtaking mountain views in the eastern section of the city. Chula Vista residents enjoy all the benefits of a major city along with small town friendliness, affordable housing and near perfect weather. The most recent data available from the San Diego Association of Governments (SANDAG) estimates that the median income in Chula Vista is \$72,326.

The City of Chula Vista, with a population of approximately 231,305, is the second largest community in San Diego County. SANDAG projects that the City of Chula Vista will reach a population of approximately 316,445 by the year 2030. According to the California State Department of Finance (DOF), the City is ranked as the 10<sup>th</sup> fastest growing city in the state for the calendar years 2000 to 2008 based on the change in population. The City's population grew from 173,543 to 231,305 during that period adding almost 58,000 new residents for a 33.3 percent change. However that rapid rate of growth appears to be slowing due to the collapse of the housing market. The DOF reports that from 2007 to 2008 the City added just 3,442 new residents reflecting a 1.5 percent rate of growth. SANDAG's 2030 Growth Forecast indicates that the South County sub region will continue to host a substantial amount of the region's projected growth over the next 22 years, primarily through new development in the eastern portion of the City.

The number of residential units built hit an all time high during calendar years 1999-2004. Due to the significant slow down in the housing market, those numbers have dramatically dropped beginning in 2005. The following graph shows the actual number of housing units completed during the last 10 calendar years.



### Residential Building Units Fiscal Years 1998/99 to 2007/08

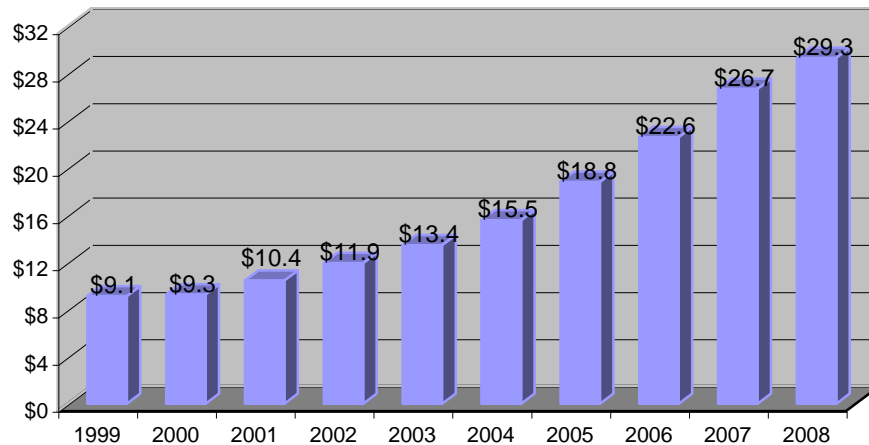


The slow down in residential permits has been somewhat offset by the increased commercial development in the past year. Commercial development has brought much needed entertainment, restaurants and shopping venues to the region generating additional sales tax revenues to help pay for City services.

#### Property Taxes:

Under State law since 1979, property taxes for general government purposes are limited to one percent of the market value of the property assessed. Property tax is the City's largest revenue source, representing 19.1 percent of the General Fund revenue in fiscal year 2008.

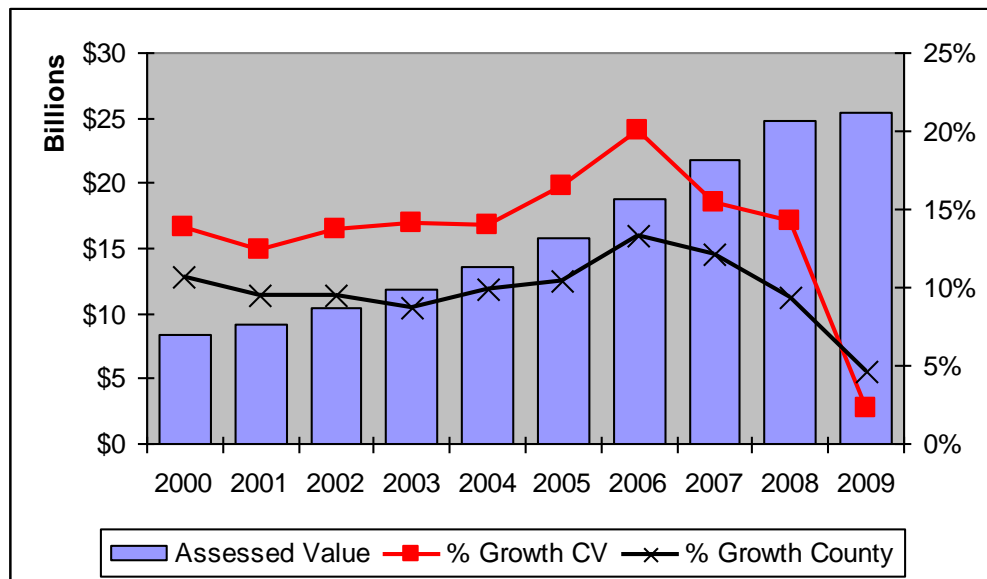
### Property Tax Revenue Fiscal Years 1998/99 to 2007/08 (in millions)



The chart illustrates the significant increases in property tax revenue the City has received as a result of the rapid development in the east. Property tax revenue has almost quadrupled over the ten-year period. This increase in property tax revenue is of course driven by like increases in the assessed values in the City. The City's assessed values have grown at historical rates until recently with the largest percentage increase of 20 percent occurring in fiscal year 2006. Based on the most

recent County Assessor Annual Valuation Report, the assessed values in Chula Vista grew by only 2.21 percent. The rapid rise in assessed values has been tempered due to a combination of increased commercial values, the addition of the SR125 toll road to the tax roll and the drop in residential assessed values. The City is anticipating a leveling off of assessed values due to a number of factors such as the drop in housing prices, foreclosures and Proposition 8 reassessments. However the City does expect development to return at some point in the future as the City works through the current housing crisis and recession.

**Assessed Values**  
**Fiscal Years 1999/2000 to 2008/09**



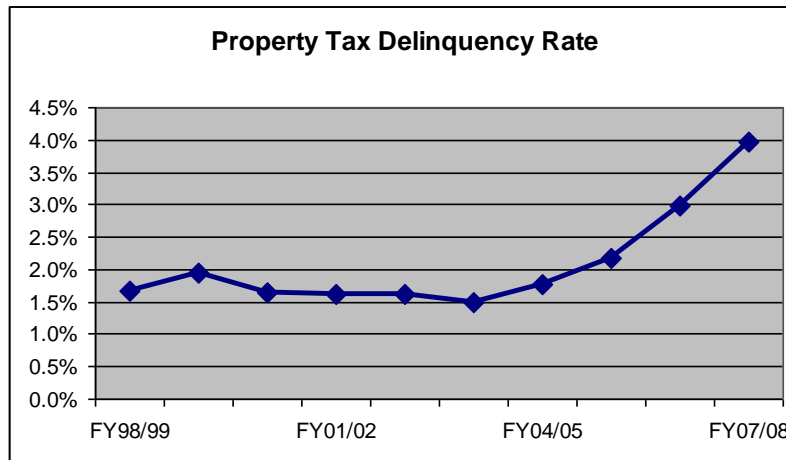
The sub prime mortgage debacle has greatly affected the City. The foreclosure rate has been one of the highest in the County. The City was susceptible to the sub prime mortgage meltdown due to the affordable housing available of both new and existing homes, coupled with the relative ease of obtaining a mortgage. As such when these mortgage interest rates were reset many of these new owners were unable to afford the new payments.

In addition, these new owners were seeing their housing prices plummet below the purchase price of the home. The City has seen dramatic decreases in median home prices since September 2007. Recent sales data indicates that the median price drops range as high as 37.8 percent in parts of the City. The chart depicts the change in median home prices for all zip codes within the City.

Zip Code	Locale	Median Price		Percent Change
		Sept 2007	Sept 2008	
91910	North	\$ 400,000	\$ 310,000	-22.5%
91911	South	\$ 376,000	\$ 250,000	-33.5%
91913	Eastlake	\$ 435,250	\$ 340,000	-21.9%
91914	NE	\$ 812,500	\$ 505,000	-37.8%
91915	SE	\$ 512,000	\$ 370,000	-20.7%

Source: San Diego Union

An additional impact on property tax revenues are the property tax delinquency rates that continue to climb as the sub-prime mortgage crisis is leaving many homeowners with mortgages that are greater than the current value of their homes. As seen in the chart below, the delinquency rate has more than doubled from an average of 1.7 percent for fiscal years 1998/99 to 2004/05 to 3.96 percent for fiscal year 2007/08.

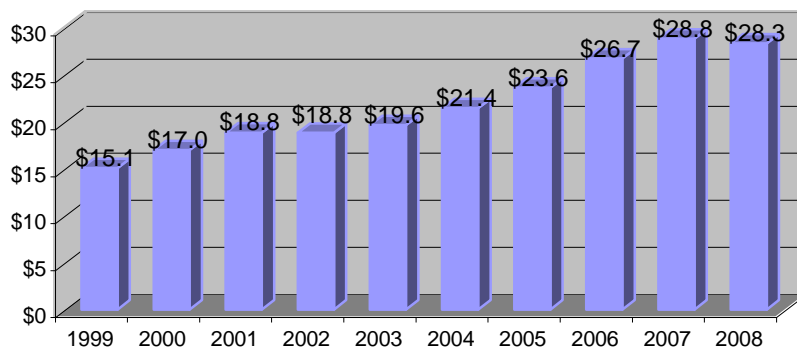


Foreclosures are having an additional negative impact on property tax revenues in the City by depressing housing values. The drop in assessed values has triggered Proposition 8, a constitutional amendment passed in 1978 that allows for a temporary reduction in assessed value when real property suffers a “decline-in-value”. Therefore, as assessed values fall, homeowners can apply for a reassessment of their homes which would lead to a reduction of property taxes based on the lower assessment. Many of these downward reassessments may not appear on property tax bills until next fiscal year requiring further adjustments to the fiscal outlook.

#### Sales Taxes:

The City receives 1 percent in sales and use tax revenue from all taxable retail sales occurring within City limits. These funds are collected by the State along with their 6.5 percent component of the sales and use tax and 0.25 percent designated for transportation for a total sales tax rate within San Diego County of 7.75 percent. Sales and use tax revenue is the City’s second largest General Fund revenue source. In fiscal year 2008, sales taxes represented 18.5 percent of total General Fund revenues.

**Sales Tax Revenues**  
**Fiscal Years 1998/99 to 2007/08**  
(in millions)



The growth in retail operators has made significant contributions to Chula Vista’s sales tax base. Over a ten-year period between 1999-2008, Chula Vista’s sales tax revenues have grown approximately 88 percent (in current dollars) with most of that growth occurring after fiscal year 1997. Due to the recent significant economic decline the City’s sales tax revenues have dropped by

(-1.8) percent from the previous year. This sales tax decline is the first the City has experienced since the recession of the early 1990s. It is anticipated that sales tax revenues will continue to grow at some point in the future, however that growth may not occur for several years due to the state of the national and local economies.

#### Long-Term Financial Planning:

As previously discussed the City is currently experiencing significant economic hardships. Long-term, the City is in a position to benefit from a vibrant and growing San Diego area economy. The City considers it essential to fund its financial reserves at a level that can endure a limited economic recession without impacting service levels and capital maintenance programs. The Council's General Fund minimum reserve level policy of 8 percent, which became effective in 1996, was established to prudently protect the fiscal solvency of the City. Reserves are important in order to mitigate the negative impact on revenues from economic fluctuations, to withstand State budget grabs and to fund unforeseen expenditure requirements.

However, the recent downturn in the economy has impacted the City's development revenues, sales tax and property taxes significantly. Although the City took immediate action by implementing a hiring freeze and across the board cuts the reserves dropped to the significant economic slowdown. As a result the City's General Fund reserve is at 6.1 percent as of June 30, 2008, which is below the reserve policy level of 8 percent.

During fiscal year 2008, the Finance Department updated and reissued the General Fund Five Year Financial Forecast report to assess the General Fund's ability over the next five years to continue current service levels based on anticipated growth. This forecast report anticipates minimal to no growth for the next five years and has identified a structural imbalance, which is being addressed through proposed budgetary cuts. The Finance Department will continue to update the five-year forecast report, as projections are refined. This forecast will serve as the foundation for the City's Long Term Financial Plan, which is in process. The Government Finance Officers Association (GFOA) recognizes the importance of combining the forecasting of revenues and expenditures into a single financial forecast. The GFOA also recommends that a government should have a financial planning process that assesses long-term financial implications of current and proposed policies, programs, and assumptions that develop appropriate strategies to achieve its goals.

### **CASH MANAGEMENT POLICIES**

In order to maximize investment leverage, it is the City's practice to "pool" available cash from all Funds for investment purposes. In accordance with the adopted investment policy, available cash is invested with the goal of safety, meaning protection of principal, as the first priority, ensuring adequate liquidity as the second priority, and maximizing yield as the third priority. The average yield on the pooled investment portfolio during the fiscal year ending June 30, 2008 was 4.71 percent, an increase from the prior year yield of 4.07 percent due to an increasing interest rate environment.

### **RISK MANAGEMENT**

The City is self-insured for the first \$250,000 per occurrence for its general liability losses including personal injury, property damage, errors and omission, automobile liability and employment practices liability. For those losses between \$250,000 and \$2,000,000 per occurrence, the City

pools its liabilities through its membership in the San Diego Pooled Insurance Program Authority (SANDPIPA). Insurance for losses in excess of the \$2,000,000 up to \$37,000,000 is purchased on a group basis by the member cities.

SANDPIPA is a joint powers authority comprised of twelve San Diego County cities. The Board of Directors consists of one staff representative (and an alternative) from each of the member cities as designated by the city's governing body. Each member city has equal representation on the Board of Directors. The Board of Directors is liable for all actions of SANDPIPA.

The City is self-insured for the first \$1.0 million per occurrence for worker's compensation liabilities. Excess workers' compensation coverage is obtained through participation in the CSAC Excess Insurance Authority's Excess Workers' Compensation Program. As of June 30, 2008, there is 111-member entities participating in the program that offers per occurrence coverage up to \$5.0 million through pooled resources and from \$5.0 million to statutory limits via group purchased excess insurance policies.

The probable amounts of loss as estimated by the City's Risk Manager and Attorney, including an estimate of incurred-but-not reported losses, have been recorded as liabilities in the basic financial statements. There were no reductions in insurance coverage from the prior year and there were no insurance settlements, which exceeded coverage in each of the past three years. Additional information on the City's risk management activity can be found under note disclosure 3i to the financial statements.

## **MAJOR INITIATIVES**

The City has completed many major capital projects recently such as the construction of a new police facility and completion of the first two phases of the reconstruction and renovation of the Civic Center complex. The primary focus in 2008 was to complete construction of the Civic Center Phase 3 renovations. The renovations to the former police department facility began immediately following the completion of the second phase. At a cost of approximately \$15.0 million, the renovated facility will house the Human Resources, Redevelopment Agency and Housing Authority, Information Technology Services, Office of Conservation and Environmental Services, some Planning and Building staff and the Chula Vista Employees Credit Union. Phase 3 is funded by a combination of Development Impact Fees (93.68 percent) and the General Fund (6.32 percent) and was funded on a pay as you go basis.

These projects reflect Council's continued commitment to the renewal of existing facilities and infrastructure and to provide the improvements necessary to respond to growth being experienced by the City. Established neighborhoods and business areas continue to benefit from Chula Vista's commitment to maintain its infrastructure.

In fiscal year 2008, the City saw the openings of the Otay Ranch Town Center shopping center and San Diego County's first toll road, which is an extension of State Route 125.

The Otay Ranch Town Center is the first major shopping and entertainment center to come to the San Diego metropolitan market in more than 20 years. For the South Bay area, it completely redefines the manner in which public gathering spaces blend with fashionable, fun stores, white-table-cloth dining and entertainment. Visitors walk down urbane, bustling, open-air, shop-lined sidewalks with on-street parking, outdoor cafes and grand fountains. A pet-friendly setting and adjacent doggie park welcome 4-legged visitors, and a centrally located "chalk garden" and popper

fountain for children make this destination especially one-of-a-kind. Among the 100 shops and restaurants tastes are served by Macy's, REI, Barnes & Noble, Apple, Sephora and White House Black Market, to name just a few. On the center's west side is a specialty fashion and service village featuring Gila Rut Aveda Salon and other unique fashions and services. To the north, AMC Theatres' 12 screens delight film buffs. Epicureans can choose from P. F. Chang's China Bistro, Cheesecake Factory, King's Fish House, California Pizza Kitchen or many on-the-go dining options. The recent opening of the Best Buy at the mall marks the second Best Buy store to be located in the City.

The South Bay Expressway, is a 10-mile toll-road that opened in 2007. San Diego County's first toll road is a north south thoroughfare that bisects the eastern area of the City. The toll-road is expected to dramatically reduce traffic congestion and travel times for south bay commuters. The road will also proved a direct link to the Otay Ranch Town Center mall and many of the city's other shopping districts.

### **INDEPENDENT AUDIT**

An independent audit of the City's records is required by section 1017 of the City Charter and was performed for the year ended June 30, 2008 by the certified public accounting firm of Macias, Gini and O'Connell, LLP. The auditors report on the basic financial statements and schedules included in the Financial Section of the Report. In general, the auditors concluded that the financial statements and schedules referred to above present fairly, in all material respects, the financial position of the City of Chula Vista as of June 30, 2008, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles. The professionalism and knowledge exhibited by Macias, Gini and O'Connell, LLP. during their audit work is greatly appreciated.

### **AWARD**

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Chula Vista for its comprehensive annual financial report for the fiscal year ended June 30, 2007. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City has also received a Distinguished Budget Award from the Government Finance Officers Association of the United States and Canada for the fiscal year 2007/08 budget. In order to receive this budget award, staff had to meet nationally recognized guidelines in which a governmental unit must produce a budget document that meets program criteria as a policy document, operations guide, financial plan, and communications device. This award represents a significant achievement and reflects the City's commitment to meet the highest principles of governmental budgeting.

## ACKNOWLEDGMENTS

Preparation of the Report and more importantly, maintaining the City's accounting records in a manner sufficient to earn the aforementioned auditors opinion is only accomplished with the continuous concerted effort of each and every staff member in the Finance Department. As such, I express my sincere appreciation for their dedicated service. I would also like to thank the City Council for their continued support in achieving excellence in financial management.

Respectfully,

A handwritten signature in cursive script, reading "Maria Kachadoorian".

Maria Kachadoorian, CPA, MPA  
Director of Finance/Treasurer

**City of Chula Vista  
List of City Officials  
June 30, 2008**

**City Council**

---

Cheryl Cox	Mayor
Jerry Rindone	Deputy Mayor
Steve Castaneda	Councilmember
John McCann	Councilmember
Rudy Ramirez	Councilmember

**Administration**

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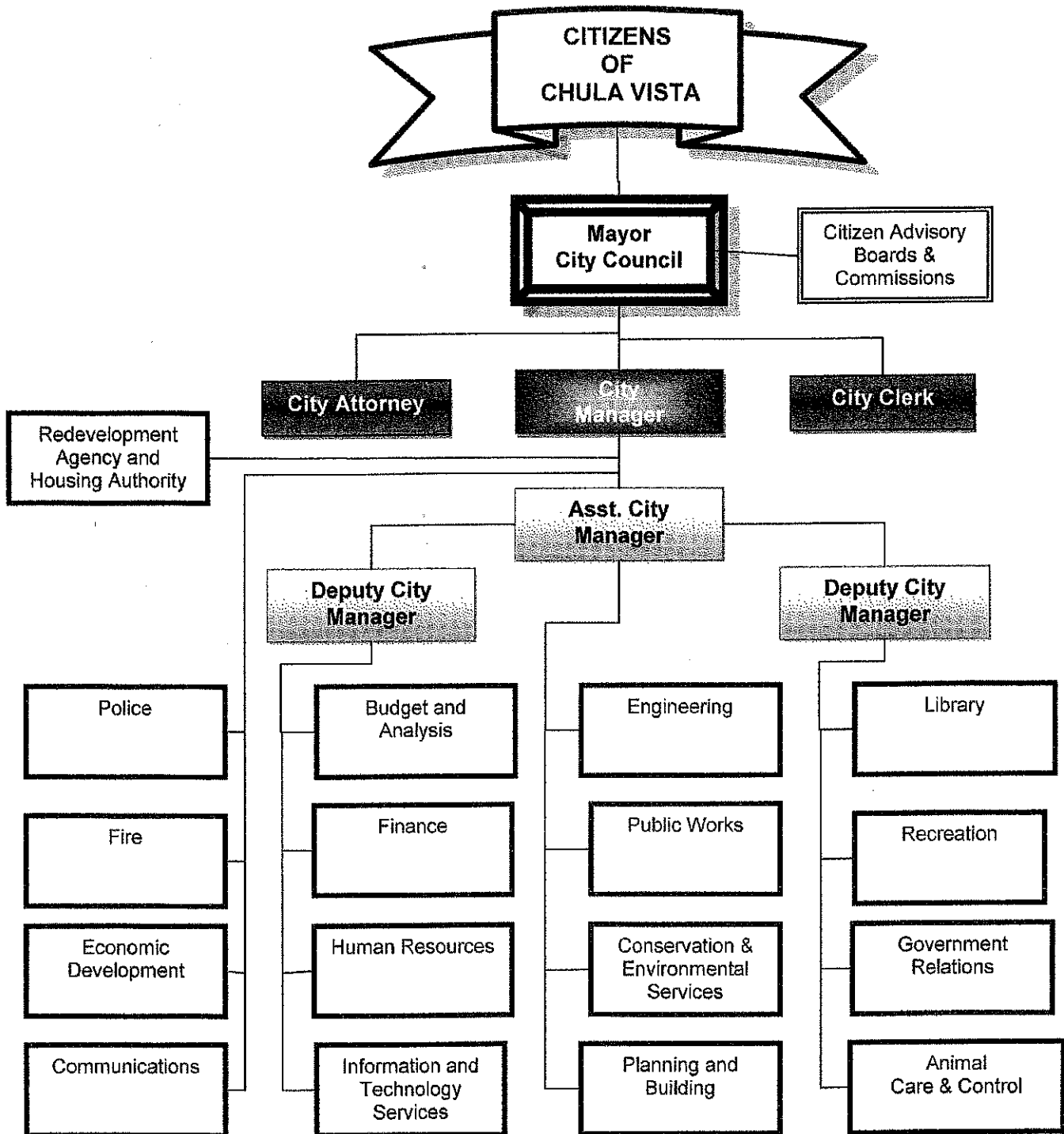
David Garcia	City Manager
Scott Tulloch	Assistant City Manager
Ann Moore	City Attorney
Donna Norris	Interim City Clerk

**Department Heads**

---

Edward Van Eenoo	Director of Budget & Analysis
Michael Meacham	Director of Conservation
Maria Kachadoorian	Director of Finance/Treasurer
Jim Geering	Interim Fire Chief
Jack Griffin	Director of General Services
Marcia Raskin	Director of Human Resources
Leah Browder	Director of Library
Louie Vignapiano	Director of Information Technology Services.
Daniel D. Beintema	Director of Nature Center
Jim Sandoval	Director of Planning & Building
Richard Emerson	Chief of Police
Dave Byers	Director of Public Works
Buck Martin	Director of Recreation
Vacant	Director of Redevelopment and Housing





# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Chula Vista  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Oliver S. Cox*

President

*Jeffrey R. Emer*

Executive Director

## **FINANCIAL SECTION**

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**MACIAS GINI & O'CONNELL** LLP  
Certified Public Accountants & Management Consultants

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949.221.0025

**SACRAMENTO**

**OAKLAND**

**WALNUT CREEK**

**LOS ANGELES**

**SAN MARCOS**

**SAN DIEGO**

The Honorable City Council of  
the City of Chula Vista, California

### **Independent Auditor's Report**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chula Vista, California (City), as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Chula Vista's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chula Vista, California, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 4, to the financial statements, effective July 1, 2007, the City adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No.45, *Accounting and Financing Reporting by Employers for Post Employment Benefits other than Pensions*. Additionally, the City Adopted GASB Statement No. 50, *Pension Disclosures-an amendment of GASB Statements No. 25 and No. 27*.

In accordance with Government Auditing Standards, we have also issued our report dated January 21, 2009 on our consideration of the City of Chula Vista's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over

financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis and other required supplementary information identified in the accompanying table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying introductory section, the combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Macias Jini & O'Connell LLP*

Certified Public Accountants  
Newport Beach, California

January 21, 2009

## **MANAGEMENT'S AND DISCUSSION ANALYSIS**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the City of Chula Vista (the "City") provides this Management Discussion and Analysis of the City's Comprehensive Annual Financial Report (CAFR) for readers of the City's financial statements. This narrative overview and analysis of the financial activities of the City is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the additional information that is furnished in the letter of transmittal, which can be found preceding this narrative, and with the City's financial statements, which follow.

### Financial Highlights – Primary Government

#### Government-Wide Highlights:

*Net Assets* - The assets of the City exceeded its liabilities at fiscal year ending June 30, 2008 by \$974.0 million. Of this amount, \$147.0 million was reported as "unrestricted net assets" and may be used to meet the government's ongoing obligations to citizens and creditors.

*Changes in Net Assets* – The City's total net assets increased by \$35.4 million in fiscal year 2008. Net assets of governmental activities increased by \$35.8 million, while net assets of the business type activities decreased by \$0.4 million.

The large change in the net assets of governmental and business activities is attributable to a change in accounting method for the City's sewer funds. The sewer funds are now classified as an enterprise fund or business type activity from its previous classification as a special revenue fund or governmental activity. The specifics of the changes in net assets will be discussed in later sections of this document.

#### Fund Highlights:

*Governmental Funds – Fund Balances*- As of the close of fiscal year 2008, the City's governmental funds reported a combined ending fund balance of \$144.1 million, a decrease of \$3.7 million from the prior year due to the sewer fund conversion to an enterprise fund (of this amount, \$95.5 million represents "unreserved fund balances" available for appropriation).

*General Fund* - The unreserved fund balance of the general fund on June 30, 2008 was \$11.9 million, a decrease of \$1.4 million from the prior year. Included in these figures is \$2.0 million of unreserved fund balance accounted for in funds, such as the Public Liability Reserve Fund, which are considered general fund type funds for financial reporting purposes.

#### Long-Term Debt:

The City's total long-term debt obligations had a net increase of \$2.2 million or 1.1% during fiscal year 2008. During the 2008 fiscal year, the City capitalized a portion of its future Community Development Block Grant entitlement to receive a Section 108 Loan in the amount of \$9.5 million. In addition, the City entered into a long-term lease for defibrillators for the Fire Department costing \$0.8 million. Reductions in the liabilities are composed of repayments of bond principal (\$7.5 million), a reduction in the liability for compensated absences (\$0.2 million), repayments on loans/notes payable (\$0.2 million) and lease payments (\$0.2 million).

#### City Highlights

The City completed Phase 2 of the Civic Center Complex during fiscal year 2008. The completion of Phase 2 marked the beginning of the Phase 3 renovation of the old police department headquarters. At a cost of approximately \$15.0 million, the renovated facility will house the Human Resources,



Redevelopment Agency and Housing Authority, Information Technology Services, Office of Conservation and Environmental Services, some Planning and Building staff and the Chula Vista Employees Credit Union. Phase 3 is funded by a combination of Development Impact Fees (93.68 percent) and the General Fund (6.32 percent) and was on a pay as you go basis. These projects reflect Council's continued commitment to the renewal of existing facilities and infrastructure and to provide the improvements necessary to respond to growth being experienced by the City. Established neighborhoods and business areas continue to benefit from Chula Vista's commitment to maintain its infrastructure.

In fiscal year 2008, the City saw the openings of the Otay Ranch Town Center shopping mall and San Diego County's first toll road, which is an extension of State Route 125.

The Otay Ranch Town Center is the first major shopping and entertainment center to come to the San Diego metropolitan market in more than 20 years. For the South Bay area, it completely redefines the manner in which public gathering spaces blend with fashionable, fun stores, white-table-cloth dining and entertainment. Visitors walk down urbane, bustling, open-air, shop-lined sidewalks with on-street parking, outdoor cafes and grand fountains. A pet-friendly setting and adjacent doggie park welcome 4-legged visitors, and a centrally located "chalk garden" and popper fountain for children make this destination especially one-of-a-kind. Among the 100 shops and restaurants are a Macy's, REI, Barnes & Noble, Apple, Sephora and White House Black Market, to name just a few. On the center's west side is a specialty fashion and service village featuring Gila Rut Aveda Salon and other unique fashions and services. To the north, AMC Theatres' 12 screens will delight film buffs. Epicureans can choose from P. F. Chang's China Bistro, Cheesecake Factory, King's Fish House, California Pizza Kitchen or many on-the-go dining options. The recent opening of the Best Buy at the mall marks the second Best Buy store to be located in the City.

The South Bay Expressway, is a 10-mile toll-road that opened in October 2007. San Diego County's first toll road is a north south thoroughfare that bisects the eastern area of the City. The toll-road is expected to dramatically reduce traffic congestion and travel times for south bay commuters. The road provides a direct link to the Otay Ranch Town Center mall and many of the city's other shopping districts.

## **OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business. They are comprised of the *Statement of Net Assets* and *Statement of Activities*.

The *Statement of Net Assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. This statement combines and consolidates governmental fund's current financial resources with capital assets and long-term obligations.

The *Statement of Activities* presents information showing how the government's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the above financial statements have separate sections for three different types of programs or activities. These three types of activities are:

*Governmental Activities* - The activities in this section are mostly supported by taxes and charges for services. The governmental activities of the City include General Government, Public Safety, Public Works, Parks and Recreation and Library.

*Business-Type Activities* – These functions normally are intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. The business-type activities of the City include the Sewer Funds and Transit Operations.

*Discretely Presented Component Units* - The City of Chula Vista has no discretely presented component units to report upon.

The government-wide financial statements can be found on pages 17 through 19 of this report.

## **Fund Financial Statements and Major Component Unit Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

The fund financial statements provide detailed information about each of the City's most significant funds, called Major Funds. The concept of Major Funds, and the determination of which are major funds, was established by GASB Statement 34 and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually, with all Non-major Funds summarized and presented in a single column. Further detail on the Non-major funds is presented on pages 91 through 118 of this report.

***Governmental Funds*** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial capacity.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between

governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The City has thirty-two governmental funds, of which seven are considered major funds for presentation purposes. Each major fund is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The City's remaining governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 20 through 32 of this report. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 94 through 105 of this report.

***Proprietary Funds*** – The City maintains two different types of proprietary funds - enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its Sewer and Transit activities. Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles and its information systems and equipment replacement program. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. There is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 28 through 31 of this report.

***Fiduciary Funds*** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33 through 78 of this report.

### **Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information providing a budgetary comparison statement for the general fund and sewer fund. Required supplementary information can be found on pages 79 and 86 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

### **Net Assets**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Chula Vista, combined net assets (government and business type activities) totaled \$974.0 million at the close of the fiscal year ending June 30, 2008. This is an increase of \$57.4 million or 6.3% from the previous fiscal year. Accounting for 79.7% of this increase is the \$45.8 million

increase in the City's capital assets for the Civic Center Phase 2 and 3 projects and increased infrastructure assets that added streets and additional sewer drainage systems.

By far the largest portion of the City's net assets (79.2%) reflects its investment in capital assets (e.g. land, streets, sewers, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Chula Vista  
Net Assets  
Fiscal Year Ending June 30**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Current Assets	211,351,524	\$ 259,439,934	\$ 59,508,840	\$ 3,028,409	\$ 270,860,364	\$ 262,468,343
Non-Current Assets	12,219,826	2,751,394	-	-	12,219,826	2,751,394
Capital Assets	799,567,014	898,132,366	150,004,170	5,658,433	949,571,184	903,790,799
Total Assets	1,023,138,364	1,160,323,694	209,513,010	8,686,842	1,232,651,374	1,169,010,536
Current Liabilities	51,081,807	50,389,312	4,213,852	2,692,585	55,295,659	53,081,897
Long-Term Liabilities	203,328,607	199,300,473	-	-	203,328,607	199,300,473
Total Liabilities	254,410,414	249,689,785	4,213,852	2,692,585	258,624,266	252,382,370
Investments in Capital						
Net of Related Debt	621,878,119	715,090,838	150,004,170	5,658,433	771,882,289	720,749,271
Restricted	55,166,660	69,516,915	-	-	55,166,660	69,516,915
Unrestricted	91,683,171	126,026,156	55,294,988	335,824	146,978,159	126,361,980
<b>Total Net Assets</b>	<b>\$ 768,727,950</b>	<b>\$ 910,633,909</b>	<b>\$ 205,299,158</b>	<b>\$ 5,994,257</b>	<b>\$ 974,027,108</b>	<b>\$ 916,628,166</b>

Additional portions of the City's net assets are restricted (\$55.2 million or 5.7%) and represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$147.0 million, may be used to meet the government's ongoing obligations to citizens and creditors.

### Changes in Net Assets

The City's net assets have increased by \$35.4 million or 3.9%, from the prior fiscal year primarily from construction of public facilities and developer contributed infrastructure. In fiscal year 2008, City expenses, which include both governmental and business-type activities, exceeded program revenues by \$81.0 million resulting in the use of that amount of general revenues from the \$116.9 million of total general revenues. Program revenues are those revenues that are derived directly from the program itself and reduce the net cost of the function to be financed from the government's general revenues. The City's expenses cover a range of services. The largest expense categories were Public Works, Public Safety and General Government. Further analysis is provided within the governmental and business-type activity sections below.

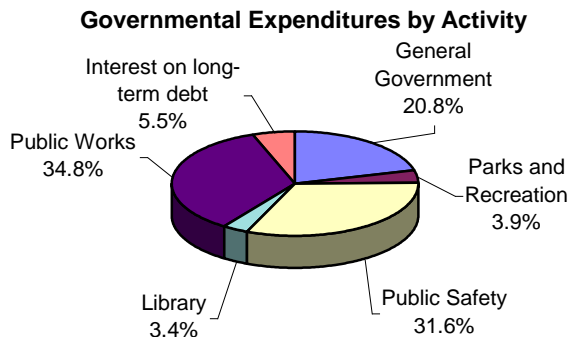
**City of Chula Vista  
Changes in Net Assets  
Fiscal Year Ending June 30**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Revenues:						
Program Revenues:						
Charges for Services	\$ 82,267,262	\$ 118,012,403	\$ 31,338,406	\$ 2,433,008	\$ 113,605,668	\$ 120,445,411
Operating Grants & Contributions	34,498,639	16,646,713	5,378,518	-	39,877,157	16,646,713
Capital Grants & Contributions	50,632,109	85,608,765	-	-	50,632,109	85,608,765
General Revenues:						
Property Taxes	43,388,023	38,882,122	-	-	43,388,023	38,882,122
Sales Taxes	29,062,355	32,817,351	-	-	29,062,355	32,817,351
Franchise Taxes	9,662,517	8,813,064	-	-	9,662,517	8,813,064
Utility User Taxes	7,378,301	6,981,762	-	-	7,378,301	6,981,762
Business License Taxes	1,237,322	1,237,316	-	-	1,237,322	1,237,316
Transient Occupancy Taxes	2,697,286	2,551,570	-	-	2,697,286	2,551,570
Property Transfer Taxes	795,606	1,423,599	-	-	795,606	1,423,599
Construction Taxes	151,325	393,650	-	-	151,325	393,650
Intergovernmental	-	-	-	3,677,603	-	3,677,603
Investment Earnings	8,663,014	13,386,872	6,740,155	167,734	15,403,169	13,554,606
Miscellaneous	8,343,946	7,030,444	670,170	131,968	9,014,116	7,162,412
Gain on Sale of Fixed Asset	-	106,696	-	-	-	106,696
Total Revenues	<u>278,777,705</u>	<u>333,892,327</u>	<u>44,127,249</u>	<u>6,410,313</u>	<u>322,904,954</u>	<u>340,302,640</u>
Expenses						
General Government	51,609,403	45,249,650	-	-	51,609,403	45,249,650
Public Safety	78,633,467	77,136,782	-	-	78,633,467	77,136,782
Public Works	86,410,082	103,117,608	-	-	86,410,082	103,117,608
Parks and Recreation	9,650,399	9,353,280	-	-	9,650,399	9,353,280
Library	8,532,621	10,320,817	-	-	8,532,621	10,320,817
Interest on Long-Term Debt	13,656,534	12,032,833	62,927	-	13,719,461	12,032,833
Sewer Funds	-	-	30,323,015	-	30,323,015	-
Non-Major Enterprise Funds	-	-	8,602,987	7,434,251	8,602,987	7,434,251
Total Expenses	<u>248,492,506</u>	<u>257,210,970</u>	<u>38,988,929</u>	<u>7,434,251</u>	<u>287,481,435</u>	<u>264,645,221</u>
Increase/(Decrease) in Net Assets Before Transfers	30,285,199	76,681,357	5,138,320	(1,023,938)	35,423,519	\$ 75,657,419
Transfers	5,594,536	22,618	(5,594,536)	(22,618)	-	\$ -
Change in Assets	35,879,735	76,703,975	(456,216)	(1,046,556)	35,423,519	\$ 75,657,419
Net Assets, Beginning of Year	732,848,215	833,929,934	205,755,374	7,040,813	938,603,589	\$ 840,970,747
Net Assets, End of Year	<u>\$ 768,727,950</u>	<u>\$ 910,633,909</u>	<u>\$ 205,299,158</u>	<u>\$ 5,994,257</u>	<u>\$ 974,027,108</u>	<u>\$ 916,628,166</u>

### Governmental Activities

Governmental activities increased the City's net assets by \$35.9 million thereby accounting for all of the City's total growth in net assets. A comparison of the cost of services by function for the City's governmental activities is shown above, along with the revenues used to cover the net expenses of the governmental activities.

Total governmental activity type expenses were \$248.5 million in fiscal year 2008. The largest expenses were incurred for Public Works, Public Safety and General Government. These three activities combined account for 87.2% of all general activity expenses. These expenses do not include capital outlays, which are reflected in the City's capital assets.



**Governmental Activities**  
**Fiscal Year Ending June 30**

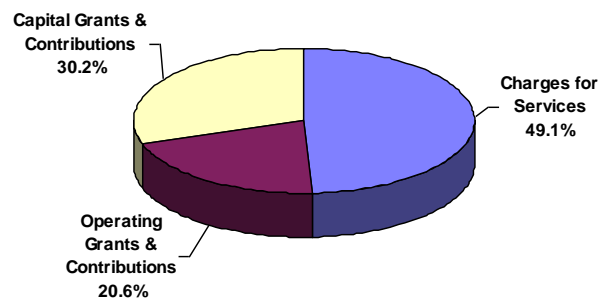
	2008	2007	Increase/ (Decrease) From 2007
<b>Expenses Net of Program Revenue</b>			
General Government	\$ (4,156,156)	\$ 2,766,788	\$ (6,922,944)
Public Safety	(63,551,801)	(64,805,860)	\$ 1,254,059
Public Works	3,116,824	13,404,486	\$ (10,287,662)
Parks and Recreation	3,305,587	31,253,071	\$ (27,947,484)
Library	(6,152,416)	(7,528,741)	\$ 1,376,325
Interest on Long-Term Debt	(13,656,534)	(12,032,833)	\$ (1,623,701)
<b>Total Governmental Activities</b>	<b>(81,094,496)</b>	<b>(36,943,090)</b>	<b>(44,151,407)</b>
<b>General Revenues</b>			
Property Taxes	43,388,023	38,882,122	\$ 4,505,901
Sales Taxes	29,062,355	32,817,351	\$ (3,754,996)
Franchise Taxes	9,662,517	8,813,064	\$ 849,453
Utility User Taxes	7,378,301	6,981,762	\$ 396,539
Business License Taxes	1,237,322	1,237,316	\$ 6
Transient Occupancy Taxes	2,697,286	2,551,570	\$ 145,716
Property Transfer Taxes	795,606	1,423,599	\$ (627,993)
Construction Taxes	151,325	393,650	\$ (242,325)
Investment Earnings	8,663,014	13,386,872	\$ (4,723,858)
Miscellaneous	8,343,946	7,030,444	\$ 1,313,502
Gain on Sale of Fixed Assets	-	106,697	\$ (106,697)
<b>Total General Revenues</b>	<b>111,379,695</b>	<b>113,624,447</b>	<b>(2,244,752)</b>
<b>Increase in Governmental Activities Net Assets</b>	<b>\$ 30,285,199</b>	<b>\$ 76,681,357</b>	<b>\$ (46,396,159)</b>

Total program revenues from governmental activities were \$167.6 million in fiscal year 2008. Per GASB 34, program revenues are derived directly from the program itself or from parties outside the reporting government's taxpayers or citizenry. They reduce the net cost of the function to be financed from the government's general revenues.

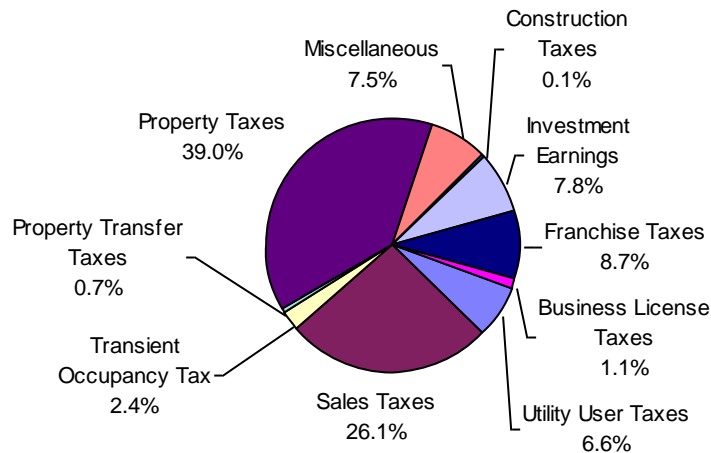
As reflected in the pie chart, \$82.3 million or 49.1% of the governmental program revenues came from Charges for Services, which includes licenses and permits, plan checking fees, developer fees, special assessments and several other fee for service type revenues. Program revenues under the Operating Grants and Contributions category totaled \$34.5 million or 20.6% and include restricted revenues such as Gas Tax, Transportation Sales Tax, Asset Seizure Funds and

Federal and State Grants. Capital Grants and Contributions are primarily derived from contributed capital from developers for infrastructure. Capital Grants and Contributions totaled \$50.6 million or 30.2% of which \$49.3 million or 97.4% is related to roadways funded by developers and received by the City after completion.

**Governmental Activities - Program Revenues**



## Governmental Activities - General Revenues



General revenues are all other revenues not categorized as program revenues such as property taxes, sales taxes and investment earnings. Total general revenues from governmental activities were \$111.4 million in fiscal year 2008. The largest percentage of general revenues received during fiscal year 2008 for governmental activities were taxes of \$94.4 million, which included Property Taxes of \$43.4 million and Sales Taxes of \$29.1 million. A percentage breakdown of all general revenues is shown in the chart above.

## Business Type Activities

Net assets for business-type activities were \$205.3 million, an increase of \$199.3 million from the prior fiscal year. The large change in the net assets is attributable to a change in accounting method for the City's sewer funds. The sewer funds are now classified as an enterprise fund or business type activity from its previous classification as a special revenue fund or governmental activity. If it were not for this change net assets would have decreased by \$0.9 million. This decrease in net assets is entirely a result of depreciation expense of \$0.9 million in the Transit funds.

Total program revenues for business-type activities were \$36.7 million that were for various sewer fees (\$29.1 million), bus fares (\$2.2 million) and (\$5.4 million) in Transportation Development Act grant funds. Total expenses for the business-type activities were \$39.0 million and were for expenses related to Sewer (\$30.3 million) and Transit Operations (\$8.6 million).

## FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

## Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financial capacity. In

particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2008, the City's governmental funds reported combined ending fund balances of \$144.1 million. Approximately, \$95.5 million of this amount constitutes unreserved and undesignated fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for spending because it has already been legally committed.

**General Fund** – Included as part of the general fund category for financial reporting purposes is the General Fund, which includes the primary operating fund of the city, the Workers Compensation Fund, Flexible Spending Account Fund and the Public Liability Reserve Fund, which are considered general fund type funds for financial reporting purposes.

At the end of the current fiscal year, unreserved fund balance of the general fund was \$11.8 million, while total fund balance is \$34.1 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 7.4% of total general fund expenditures including transfers out, while total fund balance represents 21.5% of that same amount.

During the current year, unreserved fund balance of the general fund, excluding the other general fund type funds, decreased from \$10.9 to \$9.9 million. The available fund balance represents 6.1% of the general fund operating budget for fiscal year 2008. This is below the City Council's targeted minimum reserve level of 8% of the operating budget for the general fund. The General Fund reserve continues to be depleted as management has begun a series of actions that is meant to correct the structural issues present in the budget.

There is no discussion of any significant budgetary variations between original and final budget amounts and between final budget amounts and actual results because significant variances have already been discussed in this document. Management considers a variance of 10% or greater as significant.

**Sundry Grants Fund** – This fund is to account for miscellaneous grants/revenues such as: Supplemental Law Enforcement Services, California Library Services Act, Public Library Act, Asset Seizure, Local Law Enforcement Block Grants, federal library grants, waste management and recycling, energy conservation, parks and recreation social service grants, G. McCandliss memorial cultural arts, federal assistance, CDBG Section 108 loan, CDBG program income project, HOME project, and Community Development Block grants.

This fund became a major fund for this reporting period primarily due to the City applying for and receiving a U.S. Department of Housing loan by capitalizing a portion of the City's Community Development Block Grant entitlement revenue to obtain what is known as a Section 108 Loan. The City is planning to use the funds for various capital projects in the southwestern part of the City that will primarily be for infrastructure improvements. The other reason for its inclusion as a major fund has to do with the reclassification of the sewer funds from a governmental fund type to a proprietary fund.

**Redevelopment Agency** - This fund accounts for revenue received from tax increment within the redevelopment project areas and is used to fund operating expenditures, debt service, Agency capital projects and to account for the activities in the Low and Moderate Income Housing fund (Low and Mod).

This fund became a major fund for this reporting period due to a \$4.9 million loan to a developer from the Low and Mod fund for the development of an affordable housing project within the City. Additionally,



the City had a change in accounting for these types of affordable housing loans. The past practice was to record the loans as a loan receivable. However, because the terms of the loans are for repayment in 55 years using residual receipts it is not know what portion if any of the amount will ever be repaid. The current practice (the change) is to record the loan as a receivable and to have an offsetting liability recorded as deferred revenues. Note 5 in the notes to the financial statements provide further details and their effect on prior periods.

The other reason for its inclusion as a major fund has to do with the reclassification of the sewer funds from a governmental fund type to a proprietary fund.

***Development Impact Fund*** – This fund was established as a depository for various development impact fees. The fees are levied against all new development in the City in order to pay for the construction or improvement of public facilities as a result of City growth. At the end of fiscal year 2008, the unreserved fund balance was \$26.4 million, which is a decrease of \$7.6 million from the previous fiscal year due primarily to the construction of Phase 3 of the Civic Center project which has been funded on a pay-as-you-go basis from available cash. Since these funds are collected for construction or improvements of public facilities, they have been fully designated for specific projects.

***Park Acquisition Development*** - This fund was established as a depository for fees collected from property developers for the purpose of providing park and recreational facilities directly benefiting and serving residents of the regulated subdivision. This in-lieu fee was adopted by the City to acquire neighborhood and community parkland and to construct parks and recreational facilities.

The Parkland Acquisition and Development fee was increased in October 2006 from \$8,962 to \$9,122 for Areas West of I-805 and \$16,644 to \$16,804 for Areas East of I-805. At the end of fiscal year 2008, the unreserved fund balance was \$39.1 million, which is an increase of \$2.8 million due to continued collection of the fee and no new park construction. Since these funds are collected for providing parks and recreational facilities, they have been fully designated for specific projects.

***Redevelopment Agency Debt Service Fund*** – This fund was established to account for tax levies, rentals, other revenues and payments of principal and interest on Redevelopment Agency loans and outstanding bonds. The unreserved fund balance increased by \$0.4 million from \$-29.7 million to \$-29.3 million due primarily to an increase in the fund's cash balance. For fiscal year 2008 there were no new issuances of debt or other major fund activity for the fiscal year.

***City Debt Service Fund*** – This fund was established to account for the principal and interest payments on the City 's long-term debt. The unreserved fund balance decreased from \$-14.7 to \$-14.2 million for the fiscal year. The decrease is due to a combination of payments of \$1.0 million and the accrual of interest of \$0.5 million for advances outstanding. There were no new issuances or other major fund activity for the fiscal year.

## **Proprietary Funds**

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. A major change in reporting occurred during the year due to the conversion of the Sewer Funds from a Special Revenue Fund to an Enterprise Fund. Inclusion of the Sewer funds in the proprietary funds section has caused the Transit Funds to now be classified as a non-major fund.

***Sewer Fund***– The Sewer Fund is used to account for a variety of sewer service related revenues and expenses. The net assets for the fund increased \$0.7 million to \$192.9 million. The fund's Investments in

capital assets (i.e. sewer system infrastructure) account for \$142.9 million or 74.1% of the net assets of the fund.

Sewer Fund operating revenues increased by \$1.0 million over the prior fiscal year. An increase in sewer fees account for the increase. Non-operating revenues increased by \$4.7 million due to the change in accounting from a governmental fund to an enterprise fund. Under the governmental presentation Interest on Advances to Other Funds were recorded as Deferred Revenue. Upon conversion to an Enterprise fund, full accrual accounting requires that the Deferred Revenue on these advances be recorded as revenue upon conversion.

Total expenses for the Sewer Fund were up by \$12.8 million or 73.5% compared to the last fiscal year. Part of the reason for the large increase is related once again to the accounting change. Depreciation expense accounts for 39% of the change and is not required by GAAP to be recorded in governmental funds. However now considered as an enterprise fund, depreciation expense of \$5.0 million must be recorded in the enterprise fund financial statements. The remaining increase in expenses is broken down between a \$6.5 million increase in operations and administration and a \$1.4 million increase in maintenance costs.

The increase in operations and administration expense increased by \$6.5 million primarily due to a change in budgeting for personnel costs related to the Sewer Fund. Expenses related to staffing were shifted from the General Fund to the Sewer Fund in fiscal year 2008. This budget shift accounts for \$3.5 million in expense that was previously reflected as a transfer out of the sewer fund. The City contracts with the City of San Diego to treat its sewage through San Diego's treatment plant. Contractual services with the City of San Diego increased by \$1.9 million from the previous year. There were increased costs of \$0.9 million related to the purchase of two Vactor trucks that are used to clear clogged and obstructed sewer drainage pipes. Increased costs for maintenance is directly related to two projects that were used to increase the City's capacity to carry untreated sewage along the Poggi Canyon outfall (\$1.2 million) and the replacement older pipe with new and larger pipe at Moss Street and Woodland Avenue (\$0.2 million).

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The final amended general fund budget totaled \$164.9 million, including \$1.6 million in budget amendments to the originally adopted budget and encumbrances of \$0.7 million, which will fund contractual obligations and outstanding purchase orders. The General Fund's net cost budget amendments of \$1,045,645 are summarized as follows:

- \$335,000 for additional public liability expenditures.
- \$548,000 for an Owner Participation Agreement with Sunroad Enterprises.
- \$86,000 for expenditures related to City ballot measures.
- \$76,645 for emergency related repairs for slope damage.

Of the \$1.6 million in mid-year appropriations, \$0.6 million were covered by specific funding sources. As discussed previously, the available fund balance of the general fund, excluding the other general fund type funds, decreased to \$9.3 million or by \$1.1 million from the prior year. The decrease is attributable to the net cost budget amendments listed above.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

The City's investment in capital assets for its governmental and business type activities as of June 30, 2008, amounts to \$952.6 million, net of accumulated depreciation of \$315.8 million. This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the City such as roads, bridges, streets and sidewalks, drainage systems, lighting systems and similar items. The total additions to the City's investment in capital assets for the current fiscal year was \$79.4 million, net of accumulated depreciation.

Major capital asset additions during the current fiscal year are discussed in the City Highlights section of this document.

Additional information on the City's capital assets can be found in Note 3d of the notes to the financial statements.

### **Debt Administration**

*Long Term Debt* - At the end of the 2008 fiscal year, the City had \$203.4 million in debt outstanding compared to the \$201.1 million last year, a 1.1% net decrease. During the 2008 fiscal year, the City capitalized a portion of its future Community Development Block Grant entitlement to receive a Section 108 Loan in the amount of \$9.5 million.

The City has no outstanding general obligation debt. The City has maintained an "A-" rating by Standard & Poors for Certificates of Participation, which represents a "stable outlook."

The Redevelopment Agency had a rating upgrade in 2008 from an "A-" to "A" rating for Tax Allocation Bonds from Standard & Poors. Additional information on the City's long-term debt obligations can be found in Note 3e of the notes to the financial statements.

## **ECONOMIC CLIMATE**

Chula Vista, the second largest City in San Diego County, is a town in transition. Once known as a bedroom community with a strong collection of small businesses, Chula Vista is now attracting multinational corporations. High tech companies like Hitachi, DNP America and Leviton have opened new facilities in Chula Vista during the past few years. These companies find the area a good location from which to manage their manufacturing and distribution operations both in the United States and in Mexico.

The San Diego regional economy has undergone a remarkable transformation over the past decade. The severe recession in the first half of the 1990s was the longest and deepest of the past 60 years. The downturn, subsequent recovery and expansion were not mere business or cyclical adjustments, but an extensive overhauling and restructuring of the region's basic economic drivers.

From an economy largely dominated by defense and military expenditures, San Diego industries transformed into a diversified mix of high-technology commercial endeavors. Some of these sectors were by-products of defense-based efforts, as well as capitalization of highly educated and skilled workers. Emerging growth areas include telecommunications, electronics, computers, software, and biotechnology.

International trade also contributed to the local economic recovery and dynamic performance in recent years. Cross border trade and interactions with Mexico provide tremendous economic advantages and opportunities, becoming an increasingly important facet of the local region's economic fortunes.

Mexico and Canada, U.S. partners under the North American Free Trade Agreement (NAFTA), dominate San Diego's export markets by far, accounting for more than one-half (55 percent) of all export production. San Diego clearly benefits from NAFTA, not only because the agreement further opened up the markets of our two largest customers, but also because Tijuana and Baja California, our border and economic partner, was greatly benefited and stimulated by heightened trade and dollars flowing to the region.

As discussed in the transmittal letter, the City has been hard hit by the lack of residential development, the sub-prime mortgage debacle, and one of the highest foreclosure rates in the county. These factors have reduced the growth in assessed values within the city from 20% in 2006 to 2.21% in 2008. The positive growth was largely made possible due to the addition of the SR 125 toll road to the city tax roll. At an assessed value of \$600 million it was the single highest assessment in San Diego County history.

The City's two largest sources of discretionary General Fund revenue are property and sales taxes. The housing factors coupled with increasing unemployment of city residents has led to a leveling off of property tax revenues and actual decline in sales tax revenues from fiscal year 2007. This trend is expected to continue until 2010. As a result of these revenue declines the City has acted quickly to reduce expenditures to bring them more in line with revenues. For fiscal year 2009, the City reduced the General Fund operational budget by over \$20 million paring approximately 160 full time positions in a series of budget cuts.

The City's growth and development is expected to continue but not until the housing market has been corrected. The San Diego Association of Governments most recent forecast for growth estimates the City to add over 80,000 new residents to the community over the next 20 years.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City's finances for all of its citizens, taxpayers, customers, investors and creditors. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Chula Vista, Finance Department, 276 Fourth Avenue, Chula Vista, CA 91910.

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## **BASIC FINANCIAL STATEMENTS**

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## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**



**CITY OF CHULA VISTA**  
**Statement of Net Assets**  
**June 30, 2008**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and investments	\$ 139,547,320	\$ 41,431,456	\$ 180,978,776
Receivables:			
Taxes	13,300,181	-	13,300,181
Accounts	1,032,932	4,286,677	5,319,609
Interest	1,389,091	361,089	1,750,180
Loans	28,898,779	-	28,898,779
Other	1,912,434	125,634	2,038,068
Due from other governments	6,627,885	-	6,627,885
Internal balances	(13,303,984)	13,303,984	-
Inventory and prepaid items	68,353	-	68,353
Land held for resale	2,260,925	-	2,260,925
Other assets	498,706	-	498,706
Net pension asset	9,460,195	-	9,460,195
Restricted cash and investments:			
Held by City	14,430,641	-	14,430,641
Held by fiscal agents	17,447,892	-	17,447,892
Capital assets:			
Nondepreciable	97,630,495	-	97,630,495
Depreciable, net of accumulated depreciation	701,936,519	150,004,170	851,940,689
Total assets	<u>1,023,138,364</u>	<u>209,513,010</u>	<u>1,232,651,374</u>
<b>Liabilities:</b>			
Account payable and accrued liabilities	17,757,863	357,704	18,115,567
Interest payable	2,905,417	-	2,905,417
Unearned revenue	3,290,962	3,856,148	7,147,110
Deposits	10,651,949	-	10,651,949
Claims payable:			
Due within one year	3,600,000	-	3,600,000
Due in more than one year	12,067,881	-	12,067,881
Noncurrent liabilities:			
OPEB liability	782,000	-	782,000
Due within one year	12,875,616	-	12,875,616
Due in more than one year	190,478,726	-	190,478,726
Total liabilities	<u>254,410,414</u>	<u>4,213,852</u>	<u>258,624,266</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	621,878,119	150,004,170	771,882,289
Restricted for:			
Capital projects	24,572,926	-	24,572,926
Debt service	10,480,057	-	10,480,057
Community development	20,113,677	-	20,113,677
Unrestricted	91,683,171	55,294,988	146,978,159
Total net assets	<u>\$ 768,727,950</u>	<u>\$ 205,299,158</u>	<u>\$ 974,027,108</u>

See Accompanying Notes to Financial Statements.

**CITY OF CHULA VISTA**  
**Statement of Activities**  
**For the Year Ended June 30, 2008**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
Governmental activities:				
General government	\$ 51,609,403	\$ 38,563,085	\$ 8,890,162	\$ -
Public safety	78,633,467	8,148,817	6,506,531	426,318
Public works	86,410,082	23,112,265	17,148,741	49,265,900
Parks and recreation	9,650,399	11,881,147	134,948	939,891
Library	8,532,621	561,948	1,818,257	-
Interest and fiscal changes	13,656,534	-	-	-
Total governmental activities	<u>248,492,506</u>	<u>82,267,262</u>	<u>34,498,639</u>	<u>50,632,109</u>
Business-type activities:				
Sewer funds	30,323,015	29,138,449	-	-
Transit fund	8,301,081	1,660,821	5,285,292	-
Bayfront Trolley Station	98,406	-	93,226	-
Sewer DIFS	203,500	539,136	-	-
Total business-type activities	<u>38,926,002</u>	<u>31,338,406</u>	<u>5,378,518</u>	<u>-</u>
Total	<u>\$ 287,418,508</u>	<u>\$ 113,605,668</u>	<u>\$ 39,877,157</u>	<u>\$ 50,632,109</u>

General revenues:

Taxes:

Property taxes

Sales taxes

Property transfer taxes

Franchise taxes

Utility user taxes

Business license taxes

Transient occupancy taxes

Construction taxes

Investment income

Miscellaneous

Transfers

Total general revenues and transfers

Change in net assets

Net assets, beginning of year, as restated

Net assets, end of year

See Accompanying Notes to Financial Statements.

**Net (Expense) Revenue and  
Changes in Net Assets**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (4,156,156)	\$ -	\$ (4,156,156)
(63,551,801)	-	(63,551,801)
3,116,824	-	3,116,824
3,305,587	-	3,305,587
(6,152,416)	-	(6,152,416)
(13,656,534)	(62,927)	(13,719,461)
(81,094,496)	(62,927)	(81,157,423)
-	(1,184,566)	(1,184,566)
-	(1,354,968)	(1,354,968)
-	(5,180)	(5,180)
-	335,636	335,636
-	(2,209,078)	(2,209,078)
(81,094,496)	(2,272,005)	(83,366,501)
43,388,023	-	43,388,023
29,062,355	-	29,062,355
795,606	-	795,606
9,662,517	-	9,662,517
7,378,301	-	7,378,301
1,237,322	-	1,237,322
2,697,286	-	2,697,286
151,325	-	151,325
8,663,014	6,740,155	15,403,169
8,343,946	670,170	9,014,116
5,594,536	(5,594,536)	-
116,974,231	1,815,789	118,790,020
35,879,735	(456,216)	35,423,519
732,848,215	205,755,374	938,603,589
<u>\$ 768,727,950</u>	<u>\$ 205,299,158</u>	<u>\$ 974,027,108</u>

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## **FUND FINANCIAL STATEMENTS**

**CITY OF CHULA VISTA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2008**

	<b>Special Revenue Funds</b>		
	<b>General Fund</b>	<b>Sundry Grants</b>	<b>Redevelopment Agency</b>
<b>Assets:</b>			
Cash and investments	\$ 4,430,932	\$ 220,428	\$ 1,681,244
Receivables:			
Accounts	937,308	-	8,711
Taxes	11,593,038	-	63,095
Interest	75,957	12,395	43,598
Loans	131,250	9,895,360	18,634,157
Other	-	-	-
Due from other funds	368,200	1,264,995	2,189,713
Due from other governments	2,133,566	4,076,859	-
Advances to other funds	30,751,209	-	-
Inventory and prepaid items	66,537	-	-
Restricted cash and investments:			
Held by City	-	9,465,748	4,594,709
Held by fiscal agent	-	-	-
Land held for resale	-	-	-
Total assets	<u>\$ 50,487,997</u>	<u>\$ 24,935,785</u>	<u>\$ 27,215,227</u>
<b>Liabilities and fund balances:</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 6,389,496	\$ 352,416	\$ 110,363
Due to other funds	-	3,717,379	104,439
Retention payable	-	35,916	-
Advances from other funds	-	-	-
Developer deposits	-	-	3,763
Deferred revenue	10,022,359	10,188,905	16,617,037
Total liabilities	<u>16,411,855</u>	<u>14,294,616</u>	<u>16,835,602</u>
Fund balances:			
Reserved:			
Encumbrances	332,316	2,140,550	101,539
Loans receivables and advances	21,860,098	304,106	2,017,120
Land held for resale	-	-	-
Debt service	-	-	-
Inventory and prepaid items	66,537	-	-
Total Reserved	<u>22,258,951</u>	<u>2,444,656</u>	<u>2,118,659</u>
Unreserved:			
Designated for:			
Capital projects	-	-	-
Contingency reported in:			
General fund	2,982,945	-	-
Special revenue funds	-	28,371	-
Capital projects funds	-	-	-
Undesignated reported in:			
General fund	8,834,246	-	-
Special revenue funds	-	8,168,142	8,260,966
Debt service funds	-	-	-
Capital projects funds	-	-	-
Total unreserved	<u>11,817,191</u>	<u>8,196,513</u>	<u>8,260,966</u>
Total fund balances (deficits)	<u>34,076,142</u>	<u>10,641,169</u>	<u>10,379,625</u>
Total liabilities and fund balances (deficits)	<u>\$ 50,487,997</u>	<u>\$ 24,935,785</u>	<u>\$ 27,215,227</u>

See Accompanying Notes to Financial Statements.

Debt Service		Capital Projects		Nonmajor Governmental Funds	Total Governmental Funds
RDA Debt Service Fund	City Debt Service Fund	Development Impact Fund	Park Acquisition Development		
\$ 2,621,523	\$ -	\$ 27,628,887	\$ 39,493,290	\$ 61,751,701	\$ 137,828,005
-	-	-	-	86,913	1,032,932
-	-	-	-	1,644,048	13,300,181
15,678	-	513,060	330,558	380,230	1,371,476
-	-	-	-	238,012	28,898,779
-	-	1,873,041	-	-	1,873,041
-	-	-	-	1,937,152	5,760,060
-	-	-	-	417,460	6,627,885
-	-	865,217	-	4,493,789	36,110,215
-	-	-	-	1,816	68,353
-	-	-	-	370,184	14,430,641
3,280,181	-	-	-	14,167,711	17,447,892
-	-	-	-	2,260,925	2,260,925
<u>\$ 5,917,382</u>	<u>\$ -</u>	<u>\$ 30,880,205</u>	<u>\$ 39,823,848</u>	<u>\$ 87,749,941</u>	<u>\$ 267,010,385</u>
\$ -	\$ -	\$ 324,639	\$ 242,264	\$ 8,371,007	\$ 15,790,185
-	-	-	-	1,938,242	5,760,060
-	-	936,807	-	499,499	1,472,222
35,244,998	14,169,201	-	-	-	49,414,199
-	-	-	-	10,648,186	10,651,949
-	-	1,739,506	-	1,282,178	39,849,985
<u>35,244,998</u>	<u>14,169,201</u>	<u>3,000,952</u>	<u>242,264</u>	<u>22,739,112</u>	<u>122,938,600</u>
-	-	592,137	499,560	3,189,894	6,855,996
-	-	865,217	-	3,854,328	28,900,869
-	-	-	-	2,260,925	2,260,925
-	-	-	-	10,480,056	10,480,056
-	-	-	-	-	66,537
<u>-</u>	<u>-</u>	<u>1,457,354</u>	<u>499,560</u>	<u>19,785,203</u>	<u>48,564,383</u>
-	-	26,421,899	39,012,124	12,357,748	77,791,771
-	-	-	-	-	2,982,945
-	-	-	-	138,022	166,393
-	-	-	69,900	202,555	272,455
-	-	-	-	-	8,834,246
-	-	-	-	31,437,847	47,866,955
(29,327,616)	(14,169,201)	-	-	-	(43,496,817)
-	-	-	-	1,089,454	1,089,454
<u>(29,327,616)</u>	<u>(14,169,201)</u>	<u>26,421,899</u>	<u>39,082,024</u>	<u>45,225,626</u>	<u>95,507,402</u>
<u>(29,327,616)</u>	<u>(14,169,201)</u>	<u>27,879,253</u>	<u>39,581,584</u>	<u>65,010,829</u>	<u>144,071,785</u>
<u>\$ 5,917,382</u>	<u>\$ -</u>	<u>\$ 30,880,205</u>	<u>\$ 39,823,848</u>	<u>\$ 87,749,941</u>	<u>\$ 267,010,385</u>

**CITY OF CHULA VISTA**  
**Reconciliation of Governmental Funds Balance Sheet**  
**to the Statement of Net Assets**  
**June 30, 2008**

Fund balance for governmental funds		\$ 144,071,785
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not current resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. The capital assets of the internal service funds in the amount of \$2,586,151 are included in the adjustment below.		
Nondepreciable capital assets	\$ 97,630,495	
Depreciable capital assets	<u>699,350,368</u>	796,980,863
Deferred revenues which are deferred because they are not available currently are taken into revenue in the Statement of Activities and, accordingly, increase the net assets on the Statement of Net Assets.		36,559,023
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in Governmental Funds Balance Sheet.		(2,905,417)
Long-term liabilities are not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet. The long-term liabilities, excluding the internal service funds in the amount of \$59,241 which is included below, were adjusted as follows:		
Claims payable	\$ (15,667,881)	
Long-term liabilities - due within one year	(12,923,796)	
Long-term liabilities - due in more than one year	<u>(190,371,305)</u>	(218,962,982)
OPEB liability		(782,000)
Arbitrage liability		(79,392)
Other long-term assets which are not considered available to pay for current expenditures are not reported in the governmental funds.		498,706
Net pension asset is not available to pay for current period expenditures and therefore is not recorded in the governmental funds.		9,460,195
Internal service funds are used by management to charge the costs of certain activities, fleet management and technology services to individual funds. The assets and liabilities of the internal service funds are included in the Statement of Net Assets.		<u>3,887,169</u>
Net assets of governmental activities		<u><u>\$ 768,727,950</u></u>

See Accompanying Notes to Financial Statements.



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**CITY OF CHULA VISTA**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2008**

		<u>Special Revenue Funds</u>	
	<u>General Fund</u>	<u>Sundry Grants</u>	<u>Redevelopment Agency</u>
<b>Revenues:</b>			
Taxes	\$ 80,428,081	\$ -	\$ 2,758,666
Intergovernmental	24,989,256	10,402,911	-
Licenses and permits	2,697,338	-	-
Developer fees	-	-	-
Charge for services	14,471,074	-	95,450
Fines and forfeitures	1,519,716	-	-
Use of money and property	2,912,583	78,890	514,700
Other	19,868,698	37,770	809,987
Total revenues	<u>146,886,746</u>	<u>10,519,571</u>	<u>4,178,803</u>
<b>Expenditures:</b>			
Current:			
General government	32,742,746	2,484,902	6,422,066
Public safety	71,326,196	3,018,696	-
Public works	32,584,177	997,970	-
Parks and recreation	6,843,070	2,100	-
Library	8,224,897	-	-
Capital outlay	920,699	3,360,241	-
Debt service:			
Principal	22,636	-	-
Interest and fiscal charges	139,060	-	-
Bond issuance cost	-	34,485	-
Total expenditures	<u>152,803,481</u>	<u>9,898,394</u>	<u>6,422,066</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,916,735)</u>	<u>621,177</u>	<u>(2,243,263)</u>
<b>Other financing sources (uses):</b>			
Issuance of debt	764,224	9,500,000	-
Transfers in	9,736,285	13,671	-
Transfers out	<u>(6,009,889)</u>	<u>(170,100)</u>	<u>(1,733)</u>
Total other financing sources (uses)	<u>4,490,620</u>	<u>9,343,571</u>	<u>(1,733)</u>
Net change in fund balances	<u>(1,426,115)</u>	<u>9,964,748</u>	<u>(2,244,996)</u>
Fund balances (deficits), beginning of year, as restated	<u>35,502,257</u>	<u>676,421</u>	<u>12,624,621</u>
Fund balances (deficits), end of year	<u>\$ 34,076,142</u>	<u>\$ 10,641,169</u>	<u>\$ 10,379,625</u>

See Accompanying Notes to Financial Statements.

Debt Service		Capital Projects		Nonmajor Governmental Funds	Total Governmental Funds
RDA Debt Service Fund	City Debt Service Fund	Development Impact Fund	Park Acquisition Development		
\$ 3,318,078	\$ -	\$ -	\$ -	\$ 17,038,910	\$ 103,543,735
-	-	-	-	8,570,668	43,962,835
-	-	-	-	70,512	2,767,850
-	-	3,604,469	1,468,781	12,244,884	17,318,134
-	-	-	-	1,113,229	15,679,753
-	-	-	-	1,151,829	2,671,545
269,203	-	1,620,350	1,919,280	3,575,126	10,890,132
7,664	-	1,337,031	-	8,365,969	30,427,119
<u>3,594,945</u>	<u>-</u>	<u>6,561,850</u>	<u>3,388,061</u>	<u>52,131,127</u>	<u>227,261,103</u>
10,790	-	215,165	-	7,721,214	49,596,883
-	-	33,848	-	402,315	74,781,055
-	-	3,708,584	-	20,498,572	57,789,303
-	-	-	7,500	16,419	6,869,089
-	-	-	-	-	8,224,897
-	-	10,018,569	685,802	14,539,875	29,525,186
1,240,000	-	-	-	6,621,857	7,884,493
3,437,806	634,012	-	-	8,014,095	12,224,973
-	-	-	-	-	34,485
<u>4,688,596</u>	<u>634,012</u>	<u>13,976,166</u>	<u>693,302</u>	<u>57,814,347</u>	<u>246,930,364</u>
<u>(1,093,651)</u>	<u>(634,012)</u>	<u>(7,414,316)</u>	<u>2,694,759</u>	<u>(5,683,220)</u>	<u>(19,669,261)</u>
-	-	-	-	-	10,264,224
1,492,586	1,142,538	-	-	13,719,834	26,104,914
-	-	(4,754,201)	-	(9,464,914)	(20,400,837)
<u>1,492,586</u>	<u>1,142,538</u>	<u>(4,754,201)</u>	<u>-</u>	<u>4,254,920</u>	<u>15,968,301</u>
398,935	508,526	(12,168,517)	2,694,759	(1,428,300)	(3,700,960)
<u>(29,726,551)</u>	<u>(14,677,727)</u>	<u>40,047,770</u>	<u>36,886,825</u>	<u>66,439,129</u>	<u>147,772,745</u>
<u>\$ (29,327,616)</u>	<u>\$ (14,169,201)</u>	<u>\$ 27,879,253</u>	<u>\$ 39,581,584</u>	<u>\$ 65,010,829</u>	<u>\$ 144,071,785</u>

**CITY OF CHULA VISTA**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of**  
**Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2008**

Net change in fund balance - total governmental funds:		\$	(3,700,960)
Amounts reported for governmental activities in the Statement of Activities are different because:			
Deferred revenue does not provide for current financial resources and therefore, is not reported as revenues in the governmental funds.			6,666,788
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the costs of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount the capital outlay exceeded depreciation, excluding internal service fund activity reported below.			
Capital outlay	\$	17,714,432	
Loss on sale of capital asset		(254,756)	
Contributed capital		44,906,507	
Depreciation		<u>(22,298,804)</u>	40,067,379
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Changes in claims payable	\$	(1,788,292)	
Proceeds from long-term debt		(10,264,224)	
Long-term debt repayments		7,884,493	
Arbitrage liability		68,532	
Current year bond issuance cost		34,485	
Amortization of bond premiums and discounts		(22,909)	
Amortization expense on bond issuance cost		(26,248)	
Changes in compensated absences		132,798	
OPEB liability		<u>(782,000)</u>	(4,763,365)
Net pension obligation is not due and payable in the current period and therefore is not reported in the governmental funds.			(1,539,004)
Interest expense on long-term debt is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but does not require the use of current financial resources. Therefore, interest expense is not reported as an expenditure in governmental funds. The following amount represents the change in accrued interest from prior year.			156,600
Internal service funds are used by management to charge the costs of certain activities, including insurance and fleet management, to individual funds. The net revenue of the Internal Service Funds is reported with Governmental Activities.			<u>(1,007,703)</u>
Change in net assets of governmental activities	\$	<u>35,879,735</u>	
See Accompanying Notes to Financial Statements.			

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**CITY OF CHULA VISTA**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2008**

	<u>Enterprise Funds</u>			<b>Governmental Activities Internal Service Funds</b>
	<u>Sewer Fund</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	
<b>Assets:</b>				
Current assets:				
Cash and investments	\$ 28,720,505	\$ 12,710,951	\$ 41,431,456	\$ 1,719,315
Receivables:				
Accounts	4,286,677	-	4,286,677	-
Interest	248,692	112,397	361,089	17,615
Other	-	125,634	125,634	39,393
Advances to other funds	17,154,645	-	17,154,645	-
	<u>50,410,519</u>	<u>12,948,982</u>	<u>63,359,501</u>	<u>1,776,323</u>
Total current assets				
Noncurrent assets:				
Capital assets, net	<u>142,850,215</u>	<u>7,153,955</u>	<u>150,004,170</u>	<u>2,586,151</u>
Total assets	<u>193,260,734</u>	<u>20,102,937</u>	<u>213,363,671</u>	<u>4,362,474</u>
<b>Liabilities and net assets:</b>				
Current liabilities:				
Accounts payable and accrued liabilities	325,349	32,355	357,704	416,064
Advances from other funds	-	3,850,661	3,850,661	-
Unearned revenue	-	3,856,148	3,856,148	-
Noncurrent liability:				
Compensated absences	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,241</u>
Total current liabilities	<u>325,349</u>	<u>7,739,164</u>	<u>8,064,513</u>	<u>475,305</u>
Net assets:				
Invested in capital assets	142,850,215	7,153,955	150,004,170	2,586,151
Unrestricted	<u>50,085,170</u>	<u>5,209,818</u>	<u>55,294,988</u>	<u>1,301,018</u>
Total net assets	<u>\$ 192,935,385</u>	<u>\$ 12,363,773</u>	<u>\$ 205,299,158</u>	<u>\$ 3,887,169</u>

See Accompanying Notes to Financial Statements.

**CITY OF CHULA VISTA**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2008**

	<u>Enterprise Funds</u>			<b>Governmental Activities Internal Service Funds</b>
	<u>Sewer Fund</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	
<b>Operating revenues:</b>				
Charges for services	\$ 29,138,449	\$ 2,199,957	\$ 31,338,406	\$ 4,688,050
Other	354,111	316,059	670,170	25,212
Total operating revenues	<u>29,492,560</u>	<u>2,516,016</u>	<u>32,008,576</u>	<u>4,713,262</u>
<b>Operating expenses:</b>				
Operations and administration	22,611,842	7,556,538	30,168,380	4,753,861
Maintenance	2,743,187	121,730	2,864,917	-
Depreciation	4,967,986	924,719	5,892,705	1,015,242
Total operating expenses	<u>30,323,015</u>	<u>8,602,987</u>	<u>38,926,002</u>	<u>5,769,103</u>
Operating (loss)	<u>(830,455)</u>	<u>(6,086,971)</u>	<u>(6,917,426)</u>	<u>(1,055,841)</u>
<b>Nonoperating revenues (expenses):</b>				
Intergovernmental	-	5,378,518	5,378,518	-
Interest income	6,090,269	649,886	6,740,155	96,794
Interest expense	-	(62,927)	(62,927)	-
Gain on disposal of capital assets	-	-	-	60,885
Total nonoperating revenues, net	<u>6,090,269</u>	<u>5,965,477</u>	<u>12,055,746</u>	<u>157,679</u>
Income (loss) before transfers	5,259,814	(121,494)	5,138,320	(898,162)
Transfers out	<u>(4,581,043)</u>	<u>(1,013,493)</u>	<u>(5,594,536)</u>	<u>(109,541)</u>
Total other financing (uses)	(4,581,043)	(1,013,493)	(5,594,536)	(109,541)
Changes in net assets	678,771	(1,134,987)	(456,216)	(1,007,703)
Net assets, beginning of year, as restated	<u>192,256,614</u>	<u>13,498,760</u>	<u>205,755,374</u>	<u>4,894,872</u>
Net assets, end of year	<u>\$ 192,935,385</u>	<u>\$ 12,363,773</u>	<u>\$ 205,299,158</u>	<u>\$ 3,887,169</u>

See Accompanying Notes to Financial Statements.

**CITY OF CHULA VISTA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2008**

	<u>Enterprise Funds</u>			<b>Governmental Activities Internal Service Funds</b>
	<u>Sewer Fund</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 28,413,119	\$ 2,162,860	\$ 30,575,979	\$ -
Cash received from other funds	-	-	-	4,656,267
Cash payments to suppliers for goods and services	(21,547,181)	(7,853,632)	(29,400,813)	(3,400,102)
Cash payments to employee for services	(3,512,917)	(21,770)	(3,534,687)	(1,372,446)
Other revenue	354,111	316,059	670,170	25,212
Net cash provided (used) by operating activities	<u>3,707,132</u>	<u>(5,396,483)</u>	<u>(1,689,351)</u>	<u>(91,069)</u>
<b>Cash flows from capital and related financing activities:</b>				
Received from other funds	8,937	-	8,937	-
Acquisition of capital assets	-	(81,051)	(81,051)	(1,605,276)
Proceeds received from sale of capital assets	-	-	-	101,674
Net cash provided (used) by capital and related financing activities	<u>8,937</u>	<u>(81,051)</u>	<u>(72,114)</u>	<u>(1,503,602)</u>
<b>Cash flows from noncapital financing activities:</b>				
Intergovernmental	-	6,875,023	6,875,023	34,145
Transfers in	174,258	-	174,258	-
Transfers out	(4,581,043)	(1,013,493)	(5,594,536)	(109,541)
Net cash provided (used) by noncapital financing activities	<u>(4,406,785)</u>	<u>5,861,530</u>	<u>1,454,745</u>	<u>(75,396)</u>
<b>Cash flows from investing activities:</b>				
Interest revenue	<u>2,508,456</u>	<u>667,544</u>	<u>3,176,000</u>	<u>107,280</u>
Net increase (decrease) in cash and cash equivalents	1,817,740	1,051,540	2,869,280	(1,562,787)
Cash and cash equivalents, beginning of year	<u>27,077,023</u>	<u>11,659,411</u>	<u>38,736,434</u>	<u>3,282,102</u>
Cash and cash equivalents, end of year	<u>\$ 28,894,763</u>	<u>\$ 12,710,951</u>	<u>\$ 41,605,714</u>	<u>\$ 1,719,315</u>

(Continued)



**CITY OF CHULA VISTA**  
**Statement of Cash Flows**  
**Proprietary Funds (Continued)**  
**For the Year Ended June 30, 2008**

	<u>Enterprise Funds</u>			<b>Governmental Activities Internal Service Funds</b>
	<u>Sewer Fund</u>	<u>Nonmajor Enterprise funds</u>	<u>Total</u>	
<b>Reconciliation of operating loss to net cash provided (used) by operating activities:</b>				
Operating loss	\$ (830,455)	\$ (6,086,971)	\$ (6,917,426)	\$ (1,055,841)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation	4,967,986	924,719	5,892,705	1,015,242
(Increase) in accounts receivables	(725,330)	(37,097)	(762,427)	-
(Increase) in other receivables	-	-	-	(31,783)
Decrease in inventories	-	-	-	20,669
Increase (decrease) in accounts payable and accrued liabilities	294,931	(197,134)	97,797	(15,845)
(Decrease) in compensated absences	-	-	-	(23,511)
Total adjustments	<u>4,537,587</u>	<u>690,488</u>	<u>5,228,075</u>	<u>964,772</u>
Net cash provided (used) by operating activities	<u>\$ 3,707,132</u>	<u>\$ (5,396,483)</u>	<u>\$ (1,689,351)</u>	<u>\$ (91,069)</u>
<b>Noncash investing, capital activities:</b>				
Contributions of capital assets from developers	\$ 9,154,921	\$ -	\$ 9,154,921	\$ -

See Accompanying Notes to Financial Statements.

**CITY OF CHULA VISTA**  
**Statement of Fiduciary Net Assets**  
**Agency Funds**  
**June 30, 2008**

**Assets:**

Cash and investments	\$ 7,446,279
Restricted cash and investments held by fiscal agents	<u>156,534,018</u>
Total assets	<u><u>\$ 163,980,297</u></u>

**Liabilities:**

Due to bondholders	<u><u>\$ 163,980,297</u></u>
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See Accompanying Notes to Financial Statements.

**CITY OF CHULA VISTA**  
**Notes to Financial Statements**  
**June 30, 2008**

**(1) Summary of Significant Accounting Policies**

**(a) Reporting Entity**

The City of Chula Vista (City) was incorporated in 1911 under the general laws of the State of California and enjoys all the rights and privileges pertaining to such “General Law” cities. The City operates under a Council-Manager form of government and the City Council is composed of five members. Among the services provided by the City are the following: public safety, community services, engineering services, planning services, public works, general administrative services and capital improvements.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization’s governing body and the City is able to impose its will on that organization or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable if that organization is fiscally dependent (i.e. it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City’s financial statements to be misleading or incomplete.

**1. Blended Component Units**

The Redevelopment Agency of the City of Chula Vista (Agency), the Chula Vista Industrial Development Authority (Development Authority), and the Chula Vista Public Facilities Financing Authority (Authority) component units are considered to be blended component units. Blended component units generally are legally separate entities for which a primary government is financially accountable.

Redevelopment Agency of the City of Chula Vista – The Agency was established pursuant to the State of California Health and Safety Code, Section 33000 entitled “Community Redevelopment Law.” Its purpose is to prepare and carry out plans for improvement, rehabilitation, and redevelopment of blighted areas within the territorial limits of the City of Chula Vista. Even though it is legally separate, it is reported as if it were part of the City because the City Council also serves as the governing board of the Agency. The financial statements of the Agency can be obtained at the Finance Department.

Chula Vista Industrial Development Authority – The Chula Vista Industrial Development Authority was established in February 1982 for the purpose of promoting and developing commercial, industrial and manufacturing enterprises and encouraging employment. Even though it is legally separate, it is reported as if it were part of the City because the City Council also serves as the governing board of the Development Authority. The City does not produce separate financial statements for the Development Authority.

**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

Chula Vista Public Facilities Financing Authority – The Chula Vista Public Facilities Financing Authority was established by ordinance, pursuant to the City Charter and Constitution of the State of California, as a public body, acting to facilitate serving the public purposes of the City. The ordinance was adopted on April 4, 1995. The governing body of the Authority is comprised of the members of City Council. The Authority is authorized to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations of, or for the purpose of making loans to the City and/or to refinance outstanding obligations of the City. The City does not produce separate financial statements for the Authority.

***(b) Government-wide and Fund Financial Statements***

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

***(c) Measurement Focus, Basis of Accounting and Financial Statement Presentation***

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds report only assets and liabilities and therefore, do not have a measurement focus.

**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal year (7 months for sales tax accrual). Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments are not recognized until paid.

Property taxes, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue such as grants and similar items are considered to be measurable and available only when cash is received by the City.

The City reports the following major funds:

General Fund – This is the general operating fund of the City. It is used to account for financial resources except those required to be accounted for in another funds.

Sundry Grants Special Revenue Fund - This fund consists of miscellaneous grants/revenues such as: supplemental law enforcement services, California Library Services Act, Public Library Act, asset seizure, local law enforcement block grants, federal library grants, waste management and recycling, energy conservation, parks and recreation social service grants, G. McCandliss memorial cultural arts, federal assistance, CDBG Section 108 loan, CDBG program income project, HOME project, and Community Development Block grants.

Redevelopment Agency Special Revenue Fund – This fund accounts for revenue received from tax increment within the redevelopment project areas and is used to fund operating expenditures, debt service and Redevelopment Agency capital projects.

Redevelopment Agency (RDA) Debt Service Fund – This fund was established to account for principal and interest payments on redevelopment loans and outstanding bonds.

City Debt Service Fund – This fund was established to account for principal and interest payments on the City's long-term loans.

Development Impact Capital Projects Fund – This fund was established as a depository of various development impact fees. The fees are levied against all new development in the City in order to pay for the construction or improvement of public facilities as a result of City growth.

Park Acquisition Development Capital Projects Fund – This fund is a depository for fees collected from property developers for the purpose of providing park and recreational facilities directly benefiting and serving residents of the regulated subdivision being developed. This in-lieu fee was

**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

adopted by the City to acquire neighborhood and Community Parkland and to construct parks and recreational facilities.

Additionally the City reports the following fund types:

Special Revenue Funds – are used to account for revenues derived from specific sources which are usually required by law or administrative regulation to be accounted for in a separate fund.

Debt Service Funds – are used to account for tax increment revenues, bond proceeds required to be set aside for future debt service, and related interest income. The funds are used to repay principal and interest on long-term indebtedness of the City, Redevelopment Agency, and Public Financing Authority.

Capital Projects Funds – are used to account for financial resources to be used for the development and redevelopment projects within the City. Such projects include street improvements, parks, and Redevelopment Agency activity.

Enterprise Funds – are used to account for the operations, maintenance and development of transit related projects.

Internal Service Funds – are used to finance and account for special activities and services performed by a designated City department for other departments. Costs accumulated in these funds and charged to the user departments on an estimated cost-reimbursement basis or through transfers.

The City reports the following major proprietary funds:

Sewer Enterprise Fund – This fund consists of several funds that are used to account for sewer activities:

The Sewer Income Fund is a depository for all monies collected to cover the cost of connecting properties to the City's public sewer system. All monies received may be used only for the acquisition, construction, reconstruction, maintenance and operation of sanitation or sewerage facilities.

The Special Sewer Fund is used to account for the sale of the city's excess Metropolitan Sewerage System capacity. Use of all monies in this fund is determined by the City Council.

The Trunk Sewer Reserve Fund is used to account for sewerage facility participation fees received from owner or person making application for a permit to develop or modify use of any residential, commercial, industrial or other property, which increases the volume of flow into the City sewer system. All monies received shall be used for the enlargement of sewer facilities of the City so as to enhance efficiency of utilization and/or adequacy of capacity and for planning and/or evaluating any future proposals for area wide sewage treatment and/or water reclamation systems or facilities.

**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

The Sewer Service Revenue Fund is a depository for all monies collected from the monthly sewer service charge. Monies in this fund may be used for any and all sewer related activities.

***Fiduciary Funds***

Agency Funds – These funds are used to account for assets held by the City in a trustee capacity for individuals, private organizations, and other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal services fund include costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources, first, then use unrestricted resources as needed.

***(d) Assets, Liabilities and Net Assets or Equity***

***1. Cash and Investments***

Investments are stated at fair value based on quoted market prices or the best available estimate thereof, except for certain investments which have a remaining life of less than one year when purchased and investment contracts which are stated at amortized cost. Investment contracts are non-marketable interest bearing agreements with or guaranteed by certain financial institutions. The agreements provide for a guaranteed return on principal over a specified period. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year.

The City pools cash and investments of all funds, except for assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. Investment income, earned by the pooled investments, is allocated to the various funds based on each fund's average cash and investment balance.

**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

For purposes of the statement of cash flows, cash and cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

**2. *Interfund Receivables and Payables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans).

**3. *Inventories***

Inventories are valued on an average-cost basis which are adjusted to annual physical counts or estimates under the consumption method of accounting and are recorded in the internal service funds.

**4. *Capital Assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, traffic signals, drainage systems, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the proprietary fund financial statements. Capital assets are defined by the City as assets with an initial cost of more than \$5,000 and infrastructure with an initial cost of more than \$100,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Buildings	50 years
Improvements other than buildings	50 years
Machinery and equipment	5 to 12 years
Infrastructure assets - Roadway network	30 to 75 years



**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

**5.     *Land Held for Resale***

Land held for resale is recorded at the lower of cost or estimated net realizable value. The available fund balance is reserved in an amount equal to the carrying value of land and buildings held for resale because such assets are not available to finance current operations. The amount recorded as assets held for resale and the corresponding fund balance reserved as of June 30, 2008 was \$2,260,925.

**6.     *Long-Term Obligations***

In the government-wide statements long-term obligations are recorded as liabilities in the statement of net assets.

**7.     *Compensated Absences***

It is the City's policy to accumulate earned but unused vacation, sick and compensatory time. The balance of unpaid vacation and compensatory time at June 30, 2008 is recorded as a liability. Unpaid compensated absences in proprietary fund types are recorded as a liability in those funds as vested benefits accrued for the employees.

**8.     *Property Taxes***

Under California law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to the cities based on complex formulas prescribed by state statutes. Accordingly, the City of Chula Vista accrues only those taxes which are received within 60 days after year end.

Lien Date:	January 1
Levy Date:	July 1 for unsecured October 1 for secured
Due Date:	November 1 – 1 <sup>st</sup> Installment March 1 – 2 <sup>nd</sup> Installment
Delinquent Date:	December 10 – 1 <sup>st</sup> Installment April 10 – 2 <sup>nd</sup> Installment

Taxes are collected by San Diego County and are remitted to the City periodically. Dates and percentages are as follows:

December	30% Advance
January	Collection No. 1
April	10% Advance
May	Collection No. 2

**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

July

Collection No. 3

**9. *Claims and Judgments***

The City records a liability for litigation, judgments, and claims when it is probable that an asset has been impaired or a liability has been incurred prior to year end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated. Claims incurred but not reported are recorded as a liability when the liability has been incurred or an asset has been impaired and the amounts can be reasonably determined.

**10. *Fund Equity***

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**11. *Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**(2) *Stewardship, Compliance and Accountability***

**(a) *Budgetary Accounting***

An annual budget is adopted by the City Council prior to the first day of the fiscal year. The budget process includes submittal of each department's budget request for the next fiscal year, a detailed review of each department's proposed budget by the City Manager and a final City Manager recommended budget that is transmitted to the City Council for its review before the required date of adoption. A public hearing is held to give the public the opportunity to comment upon the proposed budget. Notice of such public hearing is given in a newspaper of general circulation.

The adoption of the budget is accomplished by the approval of a Budget Resolution. The legal level of budgetary control is at the department level. Any budget modification, which would result in an appropriation increase, requires City Council approval. The City Manager and Finance Director are jointly authorized to transfer appropriations up to \$15,000 within a departmental budget. Any appropriation transfers between departments or greater than \$15,000 require City Council approval.

Reported budget figures are as originally adopted or subsequently amended plus prior year continuing appropriations. Such budget amendments during the year, including those related to supplemental appropriations, did not cause these reported budget amounts to be significantly different than the originally adopted budget amounts. All appropriations which are not obligated,

**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

encumbered or expended at the end of the fiscal year lapse and become part of the unreserved fund balance which may be appropriated for the next fiscal year.

An annual budget for the year ended June 30, 2008 was adopted and approved by the City Council for the general, most special revenue and debt service funds. These budgets are prepared on the modified accrual basis of accounting except that encumbrances outstanding at year-end are considered as expenditures. The budget of the capital projects funds are primarily long-term budgets, which emphasize major programs and capital outlay plans extending over a number of years. Because of the long-term nature of these projects, annual budget comparisons are not considered meaningful, and accordingly, no budgetary information for capital projects funds is presented. In addition, no budgetary information is presented for the Developer Deposits Special Revenue Fund.

**(b) Deficit Fund Balances/Net Assets**

These deficit balances will be eliminated through future repayment of advances.

The RDA Debt Service Fund has a deficit fund balance of \$29,327,616. The City Debt Service Fund has a deficit fund balance of \$14,169,201.

**(c) Excess of Expenditures Over Appropriations**

The Public Financing Authority – Debt Service Fund exceeded appropriations by \$918,972 mainly because expenditures were not specifically budgeted to set up a Bond Surety Escrow Account for future liabilities of existing or potential debt in the 2002 COP Police Facility Project Fund.

The Traffic Safety Special Revenue Fund exceeded appropriations by \$2,614 because the purchase of emergency communication equipment was not originally appropriated for.

**(3) Detailed Notes on All Funds**

**(a) Cash and Investments**

At June 30, 2008, cash and investments are classified in the accompanying financial statements as follows:

**Statement of net assets:**

Cash and investments:	\$ 180,978,776
Restricted cash and investments	
Held by City	14,430,641
Held by fiscal agents	17,447,892

**Fiduciary funds:**

Cash and investments	7,446,279
Cash and investments held by fiscal agents	156,534,018
Total cash and investments	<u><u>\$ 376,837,606</u></u>

**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

Cash and investments as of June 30, 2008 consist of the following:

Petty cash	\$ 4,800
Deposits with financial institutions	39,436,073
Investments	180,862,715
Investments held by bond trustee (fiduciary funds)	<u>156,534,018</u>
Total cash and investments	<u><u>\$ 376,837,606</u></u>

***Investments Authorized by the California Government Code and the City's Investment Policy***

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio*</u>	<u>Maximum Investment in One Issuer</u>
Banker's Acceptances	180 days	40%	30%
Negotiable Certificates of Deposit	5 years	30%	None
Commercial Paper	270 days	25%	10%
State and Local Agency Bond Issues	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Repurchase Agreement	90 Days	None	None
Reverse-Repurchase Agreements	90 Days	20%	None
Medium-Term Corporate Notes	5 years	30%	None
Time Certificates of Deposit	3 years	None	None
Money Market Funds	5 years	15%	None
Local Agency Investment Fund (LAIF)	N/A	None	\$ 40 Million

\* Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.

**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

***Investments Authorized by Debt Agreements***

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The following table identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio*</u>	<u>Maximum Investment in One Issuer</u>
United States Treasury Obligations	None	None	None
Federal Home Loan Mortgage Corporation	None	None	None
Farm Credit Banks	None	None	None
Federal Home Loan Banks	None	None	None
Federal National Mortgage Association	None	None	None
Student Loan Marketing Association	None	None	None
Financing Corporation (FICO)	None	None	None
Resolution Funding Corporation	None	None	None
Certificates of Deposit, Time Deposits and Bankers' Acceptances	30 Days	None	None
Commercial Paper	270 Days	None	None
Money Market Funds	N/A	None	None
State Obligations	None	None	None
Municipal Obligations	None	None	None
Repurchase Agreements	None	None	None
Investment Agreements	None	None	None
Local Agency Investment Fund (LAIF)	None	None	None

***Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

<u>Investment Type</u>		<u>Remaining Maturity (in Months)</u>		
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>
LAIF	\$ 53,128,092	\$ 53,128,092	\$ -	\$ -
Federal Home Loan Bank	42,471,344	-	2,010,000	40,461,344
Federal National Mortgage Association	32,055,335	-	11,022,310	21,033,025
Federal Home Loan Mortgage Corporation	43,148,882	-	6,073,127	37,075,755
Federal Farm Credit Bank	10,059,062	-	-	10,059,062
Held by bond trustee (Fiduciary Funds):				
US Treasury	74,326,582	10,091,203	32,590,486	31,644,893
LAIF	13,245,218	13,245,218	-	-
Investment agreements	8,065,150	-	-	8,065,150
Money market mutual funds	60,897,068	60,897,068	-	-
Total	<u>\$ 337,396,733</u>	<u>\$ 137,361,581</u>	<u>\$ 51,695,923</u>	<u>\$ 148,339,229</u>

***Credit Risk***

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The following presentation is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year end for each investment type:

<u>Investment Type</u>		<u>Minimum Rating</u>	<u>Not Rated</u>	<u>Rating as of Year End AAA/AAA</u>
Federal agency securities	\$ 127,734,623		\$ -	\$ 127,734,623
Local agency investment fund	53,128,092		53,128,092	-
Held by bond trustee (fiduciary funds):				
USG (US Treasury notes)	74,326,582		74,326,582	-
Local agency investment fund	13,245,218		13,245,218	-
Investment agreements	8,065,150		8,065,150	-
Money market mutual funds	60,897,068	AAA	-	60,897,068
	<u>\$ 337,396,733</u>		<u>\$ 148,765,042</u>	<u>\$ 188,631,691</u>

**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

***Concentration of Credit Risk***

The investment policy of the City contains limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer that represent 5% or more of total City's investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal National Mortgage Association	Federal agency securities	\$ 32,055,335
Federal Home Loan Bank	Federal agency securities	42,471,344
Federal Home Loan Mortgage Corp	Federal agency securities	43,148,882
Federal Farm Credit Bank	Federal agency securities	10,059,062

***Custodial Credit Risk***

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2008, \$21,267,730 of the City's deposits with financial institutions in excess of Federal Depository Insurance limits were held in collateralized accounts.

***Investment in State Investment Pool***

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

LAIF management has indicated that as of June 30, 2008 the amortized cost and the estimated fair value of the pool was \$70 billion. Included in the LAIF's investment portfolio are certain derivatives securities or similar products in the form of structured notes, totaling \$6.1 billion, and asset backed securities totaling \$4.2 billion for June 30, 2008.

**(b) Loans Receivable**

At June 30, 2008, the City had the following loans receivable, including principal and accrued interest:

South Bay Community Services	\$ 5,087,468
Heritage (South Bay Community Villas, L.P.)	5,265,710
Boys and Girls Club Construction Loan	131,250
Rancho Buena Vista Housing (Chelsea Investment Corp)	1,673,219
St. Regis Park (Chelsa Investment Corp)	2,054,879
Chula Vista Rehabilitation CHIP Loan	2,432,437
Park Village Apts (Civic Center Barrio Housing Corporation)	225,928
Mobile Home Assistance Program	55,952
Main Plaza (Alpha III Development Inc.)	1,974,814
Seniors on Broadway (MAAC Project)	3,737,636
Lake Vecinos (Wakeland Housing and Development Corp)	5,229,964
The Landings (Chelsa Investment Corp)	992,522
First Time Home Buyers Program	37,000
	<hr/>
Total	\$ 28,898,779
	<hr/>

***South Bay Community Services***

The City and Redevelopment Agency entered into several loan agreements with South Bay Community Services, a California non-profit public benefit corporation. The loans were made to enable South Bay Community Services to provide affordable housing to low income families. Deeds of trust and assignment of rents secure the notes. Principal and interest are payable annually out of any and all residual receipts derived from the property and/or operation of the property. Interest accrues annually on the unpaid balance from rates ranging from 3% to 6%. Interest of \$1,577,384 and outstanding principal have been deferred at June 30, 2008. The outstanding balance at June 30, 2008 is \$5,087,468.

***Heritage (South Bay Community Villas, L.P.)***

The Agency entered into a loan agreement with South Bay Community Villas, L.P. for the development of the Heritage Town Center multi-family rental housing project. The Redevelopment Agency (Agency) assistance is in the form of residual receipt loan secured by a promissory note and deed of trust. The outstanding principal and interest on the loan will be repaid over fifty-five years and shall accrue interest at 3% per annum. Payment of principal and interest on the Agency loan shall be made on an annual basis out of a fund equal to fifty percent of the net cash flow of the



**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

project (residual receipts) after debt service on bonds, payment of deferred developers fee, and reasonable operating expenses have been paid. Interest of \$865,710 and outstanding principal have been deferred at June 30, 2008. The outstanding balance of the loan as of June 30, 2008 was \$5,265,710.

***Boys and Girls Club Construction Loan***

The City has made a loan of \$250,000 for construction of a new facility for the Boys and Girls Club. The loan is interest free and will be repaid with equal annual payments over 20 years, starting in February 1999. The outstanding balance of the loan as of June 30, 2008 was \$131,250.

***Rancho Buena Vista Housing (Chelsa Investment Corporation)***

The City and Agency have loaned \$1,500,000 to CIC Eastlake, L.P. for the development and operation of Rancho Buena Vista Housing project, a multifamily affordable housing project. The loan is secured by promissory notes and deeds of trust. The outstanding principal and interest amount of the loan shall be repaid over fifty-five (55) years and shall accrue at the simple interest rate of 3% per annum. Payment of principal and interest, or portions thereof, on the loan shall be made on an annual basis, out of a fund equal to 50% of the net cash flow of the project. Interest of \$173,219 and outstanding principal have been deferred at June 30, 2008. The outstanding balance of the loan as of June 30, 2008 was \$1,673,219.

***St. Regis Park (Chelsa Investment Corporation)***

The Agency entered into a loan agreement with the Chelsea Investment Corporation for the acquisition and rehabilitation of the 119-unit Pear Tree Apartments at 1025 Broadway. All units will be affordable to low-income households. The loan is secured by a deed of trust and will accrue 6% interest for 52 years. Payment of principal and interest shall be made on an annual basis out of a fund equal to 90% of the residual receipts. Interest of \$667,727 and outstanding principal have been deferred at June 30, 2008. The outstanding balance of the loan as of June 30, 2008 was \$2,054,879.

***Chula Vista Rehabilitation CHIP Loans***

The Chula Vista Rehabilitation Community Housing Improvement Program (CHIP) is under the direct control of the Agency. CHIP offers deferred and low interest rate home improvement loans to qualified borrowers residing within a target area. Loan repayments are re-deposited into the program cash accounts and are redistributed as future loans. The program was funded with Community Development Block Grant Federal RDA Housing and Home funds. In recent years, the Agency began supplementing the program due to decreased availability of federal grants. Interest of \$192,150 was deferred as of June 30, 2008. The outstanding balance of the CHIP loans as of June 30, 2008 was \$2,432,437.

**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

***Park Village Apartments (Civic Center Barrio Housing Corporation)***

In 1991, the Agency entered into a loan agreement with the Civic Center Barrio Housing Corporation, a California non-profit public benefit corporation. The loan was made for the purchase of land and the development of a 28-unit low income housing project. During 1992, the loan was assigned to Park Village Apartments Ltd., a California limited partnership in which Civic Center Barrio Housing Corporation is the managing general partner. The loan is secured by a deed of trust on the property and assignment of rents. Principal and interest are payable monthly. Interest accrues annually at 5% of the unpaid principal balance of the note. The outstanding balance of the loan as of June 30, 2008 was \$225,928.

***Mobile Home Assistance Programs***

The Agency and City entered into agreements with eligible residents of the Orange Tree Mobile Home Park, whereby the Agency loaned \$250,030 as permanent financing assistance to residents for the purpose of purchasing certain mobile home property. The loans are secured by deeds of trust on the property and mature in 2017 or when the property is sold. Contingent interest will be charged based on calculations specified in the agreement. The outstanding balance of the loan as of June 30, 2008 was \$55,952.

***Main Plaza (Alpha III Development Inc)***

The Agency entered into a loan agreement with Main Plaza, LP (Borrower) to assist the borrower in constructing real property for occupancy by very low, lower and low and moderate income households. The loan bears an interest rate of 3% per annum. The loan shall be due and payable on the date that is 55 years from the date of the Agency's issuance of the Certificate of Completion. Interest of \$174,814 and outstanding principal have been deferred at June 30, 2008. The outstanding balance of the loan as of June 30, 2008 was \$1,974,814.

***Seniors on Broadway (MAAC Project)***

The Agency entered into a loan agreement with Seniors on Broadway Limited Partnership to assist the borrower in acquiring and improving certain real property for occupancy by very low, lower and low and moderate income households. The loan bears an interest rate of 3% per annum. The loan shall be due and payable on the date that is 55 years from the date of the Agency's issuance of the Certificate of Completion. Interest of \$226,442 and outstanding principal have been deferred at June 30, 2008. The outstanding balance of the loan as of June 30, 2008 was \$3,737,636.

***Los Vecinos (Wakeland Housing and Development Corporation)***

The Agency entered into a loan agreement with Wakeland Housing and Development Corporation to assist the borrower in constructing 41 affordable multifamily apartment units for occupancy by extremely low, very low and lower income households. The loan was funded by the Agency's Low and Moderate Income Housing Fund. The loan bears an interest rate of 5% per annum. Principal and interest payments will be made on an annual basis out of a fund equal to 50% of the "Residual

**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

Receipts” for years 1-30, 75% of the “Residual Receipts” for years 31-54, until 55 years from the date the Improvement are Placed in Service, at which time all principal and unpaid interest shall be due and payable. Interest of \$97,964 and outstanding principal have been deferred at June 30, 2008. The outstanding balance as of June 30, 2008 is \$5,229,964.

***The Landings (Chelsa Investment Corporation)***

The Agency entered into a loan agreement with CIC Landings, L.P. to assist the borrower in constructing 92 affordable multifamily apartment units for occupancy by extremely low, very low and lower income households. The loan bears an interest rate of 3% per annum. The loan shall be due and payable each and every year commencing with the first anniversary of the issuance of the Certificate of Completion by the City in an amount equal to 50% of the residual receipts. Interest of \$2,522 and outstanding principal have been deferred at June 30, 2008. The outstanding balance of the loan as of June 30, 2008 was \$992,522.

***First Time Home Buyers Program***

Other loans receivable amount to \$37,000 and are loans to recipients for down payment assistance through the First Time Home Buyers Program.

***(c) Interfund receivables, payables, and transfers***

The purpose of the interfund transactions is to make short-term and long-term interfund loans from one fund to another. Due to/from amounts are short term financing, the advances are for longer financing.

***Due to/from other funds:***

<b>Receivable Fund</b>	<b>Payable Fund</b>			
	<b>Sundry Grants</b>	<b>Redevelopment Agency</b>	<b>Nonmajor Governmental Funds</b>	<b>Total</b>
General Fund	\$ 367,110	\$ -	\$ 1,090	\$ 368,200
Sundry Grants	1,264,995	-	-	1,264,995
Redevelopment Agency	2,085,274	104,439	-	2,189,713
Nonmajor Governmental Funds	-	-	1,937,152	1,937,152
<b>Total</b>	<b>\$ 3,717,379</b>	<b>\$ 104,439</b>	<b>\$ 1,938,242</b>	<b>\$ 5,760,060</b>

These interfund loans are to provide for negative cash balances at year-end and operating cash flow.

**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

***Long-term Advances:***

As of June 30, 2008, balances were as follows:

<b>Advances To</b>	<b>Advances From</b>				<b>Total</b>
	<b>General Fund</b>	<b>Development Impact Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Sewer Enterprise Funds</b>	
RDA Debt Service Fund	\$ 30,751,209	\$ -	\$ 4,493,789	\$ -	\$ 35,244,998
City Debt Service Fund	-	865,217	-	13,303,984	14,169,201
<b>Total</b>	<b>\$ 30,751,209</b>	<b>\$ 865,217</b>	<b>\$ 4,493,789</b>	<b>\$ 13,303,984</b>	<b>\$ 49,414,199</b>

The Agency has entered into reimbursement agreements with the City to reimburse the City for certain lease payments made by the City under various lease agreements. The balance as of June 30, 2008, is \$26,303,018.

The City Council authorized various loans to the Agency for operating purposes. The terms of the loans are indefinite. The balance as of June 30, 2008, is \$4,448,191.

The Redevelopment Capital Projects Funds advanced funds to the Redevelopment Agency Debt Service Fund for capital improvement projects and operating expenses. The terms of the advances are indefinite. The balance was \$4,493,789 at June 30, 2008.

The City Council authorized interfund advances from the Sewer DIFS to the General fund for \$865,217 for the animal shelter project. The loan is due and payable in 20 years with an annual payment of \$107,517 commencing on March 2001. The City also authorized loans with indefinite terms from sewer funds in the amount of \$13,303,984.

**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

***Interfund Transfers***

Transfers for the year ended June 30, 2008 were as follows:

Transfers In	Transfers Out								
	Development								
	General Fund	Impact Capital Projects Funds	Special Revenue Funds		Nonmajor Governmental Funds	Sewer Enterprise Funds	Nonmajor Enterprise Funds	Internal Service Funds	Total
			Sundry Grants	Redevelopment Agency					
General Fund	\$ -	\$ -	\$ 31,110	\$ -	\$ 5,041,730	\$ 4,560,008	\$ -	\$ 103,437	\$ 9,736,285
RDA Debt Service Fund	-	-	-	-	1,492,586	-	-	-	1,492,586
City Debt Service Fund	-	-	-	-	1,142,538	-	-	-	1,142,538
Sundry Grants									
Special Revenue Fund	13,671	-	-	-	-	-	-	-	13,671
Nonmajor Governmental Funds	5,996,218	4,754,201	138,990	1,733	1,788,060	21,035	1,013,493	6,104	13,719,834
Total	\$ 6,009,889	\$ 4,754,201	\$ 170,100	\$ 1,733	\$ 9,464,914	\$ 4,581,043	\$ 1,013,493	\$ 109,541	\$ 26,104,914

General Fund – Operating support to reimburse the general fund for City Staff services and equipment. Total amount of reimbursement was \$9,736,285.

RDA Debt Service Fund – Funding the debt service funds for repayment of various long-term obligations amounted to \$1,492,586.

City Debt Service Fund –Funding debt service funds for repayment of various long-term obligations amounted to \$1,142,538.

Redevelopment Agency Special Revenue Fund – Funding debt service funds for repayment of long-term obligations amounted to \$13,671.

Nonmajor Governmental Funds – Funding debt service funds for repayment of various long-term obligations and to fund various capital improvement projects amounted to \$13,719,834.

**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

**(d) Capital Assets**

A summary of changes in Governmental Activities capital assets at June 30, 2008 is as follows:

	<b>Beginning Balance</b>	<b>Transfers/ <sup>(1)</sup> Adjustments</b>	<b>Additions</b>	<b>Retirements</b>	<b>Ending Balance</b>
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 81,190,484	\$ -	\$ -	\$ (30,056)	\$ 81,160,428
Construction in progress	37,051,587	(33,199,903)	12,618,383	-	16,470,067
Total capital assets, not being depreciated	118,242,071	(33,199,903)	12,618,383	(30,056)	97,630,495
Capital assets being depreciated:					
Buildings	179,104,788	-	21,235,760	(221,908)	200,118,640
Improvements other than buildings	102,302,296	-	11,964,143	-	114,266,439
Machinery and Equipment	35,541,391	(2,462,843)	3,231,413	(917,161)	35,392,800
Infrastructure	745,175,501	(205,996,105)	50,186,990	-	589,366,386
Total capital assets, being depreciated	1,062,123,976	(208,458,948)	86,618,306	(1,139,069)	939,144,265
<b>Less accumulated depreciation:</b>					
Buildings	(24,099,444)	-	(3,581,349)	17,753	(27,663,040)
Improvements other than buildings	(26,672,710)	-	(2,054,780)	-	(28,727,490)
Machinery and Equipment	(28,449,727)	1,895,634	(2,698,660)	866,560	(28,386,193)
Infrastructure	(203,011,800)	65,560,034	(14,979,257)	-	(152,431,023)
Total accumulated depreciation	(282,233,681)	67,455,668	(23,314,046)	884,313	(237,207,746)
Net capital assets, being depreciated	779,890,295	(141,003,280)	63,304,260	(254,756)	701,936,519
Governmental activities capital assets, net	<u>\$ 898,132,366</u>	<u>\$ (174,203,183)</u>	<u>\$ 75,922,643</u>	<u>\$ (284,812)</u>	<u>\$ 799,567,014</u>

Depreciation expense was charged to functions/programs of the governmental activities as follows:

General government	\$ 2,180,906
Public safety	2,332,959
Public works	16,599,192
Parks and recreation	1,966,156
Library	234,833
Total	<u>\$ 23,314,046</u>

**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

A summary of changes in Business-Type Activities capital assets at June 30, 2008 is as follows:

	<b>Beginning Balance</b>	<b>Transfers/<sup>(1)</sup> Adjustments</b>	<b>Additions</b>	<b>Retirements</b>	<b>Ending Balance</b>
<b>Business-type activities:</b>					
Capital assets, being depreciated:					
Machinery and Equipment	\$ 11,100,414	\$ 2,462,843	80,241	\$ (182,368)	\$ 13,461,130
Infrastructure	-	205,996,105	9,154,921	-	215,151,026
Total capital assets, not being depreciated	11,100,414	208,458,948	9,235,162	(182,368)	228,612,156
<b>Less accumulated depreciation:</b>					
Machinery and Equipment	(5,441,981)	(1,895,634)	(864,719)	182,368	(8,019,966)
Infrastructure	-	(65,560,034)	(5,027,986)	-	(70,588,020)
Total Accumulated Depreciation	(5,441,981)	(67,455,668)	(5,892,705)	182,368	(78,607,986)
Business-type activities capital assets, Net	<u>\$ 5,658,433</u>	<u>\$ 141,003,280</u>	<u>\$ 3,342,457</u>	<u>\$ -</u>	<u>\$ 150,004,170</u>

Note <sup>(1)</sup> see Note (5) for more information.

**(e) Long-Term Debt**

Changes in long-term debt for the year ended June 30, 2008 are as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Repayments</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental activities:</b>					
Tax allocation bonds	\$ 41,275,000	\$ -	\$ 1,090,000	\$ 40,185,000	\$ 1,295,000
Pension obligation bonds	10,415,000	-	1,595,000	8,820,000	1,820,000
Certificates of participation	139,845,000	-	4,800,000	135,045,000	4,465,000
Bond premium	31,893	-	1,181	30,712	1,181
Bond discount	(481,794)	-	(24,090)	(457,704)	(24,090)
ERAF loans	1,515,000	-	150,000	1,365,000	150,000
Section 108 loan	-	9,500,000	-	9,500,000	287,000
Notes payable	249,896	-	25,570	224,326	29,187
Capital leases	1,671,632	764,224	223,923	2,211,933	352,338
Compensated absences	6,586,385	4,210,663	4,366,973	6,430,075	4,500,000
Total	<u>\$ 201,108,012</u>	<u>\$ 14,474,887</u>	<u>\$ 12,228,557</u>	<u>\$ 203,354,342</u>	<u>\$ 12,875,616</u>

**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

***Tax Allocation Bonds***

	<u>Balance July 1, 2007</u>	<u>Debt Issue</u>	<u>Debt Retired</u>	<u>Balance June 30, 2008</u>
2000 Tax Allocation Bonds	\$ 15,515,000	\$ -	(405,000)	\$ 15,110,000
2006 Senior Tax Allocation Refunding Bonds, Series A	13,435,000	-	(395,000)	13,040,000
2006 Senior Tax Allocation Refunding Bonds, Series B	<u>12,325,000</u>	<u>-</u>	<u>(290,000)</u>	<u>12,035,000</u>
Total	<u>\$ 41,275,000</u>	<u>\$ -</u>	<u>\$ (1,090,000)</u>	<u>\$ 40,185,000</u>

***2000 Tax Allocation Bonds***

In October 2000, the Agency issued \$17,000,000 of 2000 Tax Allocation Bonds, to provide funds to fund a reserve account, to pay the expenses of the Agency in connection with the issuance of the bonds and to finance or refinance certain redevelopment activities. The proceeds of the bonds were used to fund the acquisition and construction of certain capital improvements which are located in the Agency's Town Center I Project Area. The bonds consist of \$9,535,000 serial bonds which mature from 2001 to 2030 in amounts ranging from \$100,000 to \$715,000 and term bonds of \$1,440,000 and \$6,025,000 which mature in 2022 and 2029, respectively. Interest is payable semiannually on March 1 and September 1 at interest rates ranging from 4.30% to 5.375%. The bonds are subject to optional redemption on any interest payment date on or after September 1, 2004, at various redemption prices. The bonds are payable solely from certain tax increment revenues of the Agency and other funds held under the indenture. The balance outstanding at June 30, 2008 was \$15,110,000.



**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

The annual debt service requirements for the 2000 Tax Allocation Bonds outstanding at June 30, 2008 were as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2009	\$ 425,000	\$ 769,760	\$ 1,194,760
2010	440,000	750,943	1,190,943
2011	460,000	730,913	1,190,913
2012	480,000	709,523	1,189,523
2013	505,000	686,615	1,191,615
2014-2018	2,720,000	3,042,564	5,762,564
2019-2023	3,340,000	2,271,585	5,611,585
2024-2028	4,335,000	1,253,048	5,588,048
2029-2031	2,405,000	178,047	2,583,047
Total	<u>\$ 15,110,000</u>	<u>\$ 10,392,998</u>	<u>\$ 25,502,998</u>

***2006 Senior Tax Allocation Refunding Bonds, Series A***

In July 2006, the Agency issued \$13,435,000 of 2006 Senior Tax Allocation Refunding Bonds, Series A to refinance the Agency's outstanding Bayfront/Town Centre Redevelopment Project 1994 Senior Tax Allocation Refunding Bonds, Series A, and to satisfy the reserve requirement for the Bonds and provide for the costs of issuing the Bonds. The original bond proceeds were used in the acquisition of property, demolition, relocation, public improvements and funding the Low and Mod Income Housing Project. The bond consist of serial bonds which mature in 2028. Interest is payable semiannually on March 1 and September 1 at interest rates ranging from 4.00% to 4.60%. The bonds are subject to optional redemption on any interest payment date on or after September 1, 2012, at various redemption prices. The bonds are payable solely from certain tax increment revenues of the Agency and other funds held under the indenture. The balance outstanding at June 30, 2008 was \$13,040,000.

**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

The annual debt service requirements for the 2006 Tax Allocation Refunding Bonds, Series A outstanding at June 30, 2008 were as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2009	\$ 460,000	\$ 556,345	\$ 1,016,345
2010	480,000	537,545	1,017,545
2011	500,000	517,945	1,017,945
2012	520,000	497,545	1,017,545
2013	540,000	474,995	1,014,995
2014-2018	3,075,000	1,992,312	5,067,312
2019-2023	3,775,000	1,270,137	5,045,137
2024-2028	3,690,000	372,670	4,062,670
Total	<u>\$ 13,040,000</u>	<u>\$ 6,219,494</u>	<u>\$ 19,259,494</u>

***2006 Subordinate Tax Allocation Refunding Bonds, Series B***

In July 2006, the Agency issued \$12,325,000 of 2006 Subordinate Tax Allocation Refunding Bonds, Series B to refinance the Agency's outstanding Bayfront/Town Centre Redevelopment Project 1994 Senior Tax Allocation Refunding Bonds, Series C and D, and to satisfy the reserve requirement for the Bonds and provide for the costs of issuing the Bonds. The original bond proceeds were used in the acquisition of property, demolition, relocation, public improvements and funding the Low and Mod Income Housing Project. The bonds consist of \$7,995,000 serial bonds which mature from 2007 to 2021 in amounts ranging from \$290,000 to \$735,000 and term bonds of \$4,330,000 which mature in 2028. Interest is payable semiannually on April 1 and October 1 at interest rates ranging from 4.00% to 6.00%. The bonds are subject to optional redemption on any interest payment date on or after October 1, 2012, at various redemption prices. The bonds are payable solely from certain tax increment revenues of the Agency and other funds held under the indenture. The balance outstanding at June 30, 2008 was \$12,035,000.

**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

The annual debt service requirements for the 2006 Subordinate Tax Allocation Refunding Bonds, Series B outstanding at June 30, 2008 were as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2009	\$ 410,000	\$ 586,165	\$ 996,165
2010	425,000	569,199	994,199
2011	440,000	551,084	991,084
2012	460,000	531,384	991,384
2013	480,000	510,234	990,234
2014-2018	2,755,000	2,183,056	4,938,056
2019-2023	3,510,000	1,404,119	4,914,119
2024-2028	3,555,000	413,306	3,968,306
Total	<u>\$ 12,035,000</u>	<u>\$ 6,748,547</u>	<u>\$ 18,783,547</u>

***Pension Obligation Bonds***

The Pension Obligation Bonds Series 1994, were issued by the City to pay the obligations from the City to the California Public Employees Retirement System for the City's unfunded pension liability. The total issue is comprised of the following: (1) Current Interest Bonds with original amount due of \$7,415,000. These bonds mature in amounts ranging from \$310,000 in 1996 to \$1,820,000 in 2009. Interest is payable semi-annually on February 1 and August 1, beginning February 1, 1996, at interest rates ranging from 6.05% to 7.875% annually; (2) \$7,000,000 Term Bonds are due August 1, 2011, with a stated annual interest rate of 8.15% and are reflected in the annual debt service schedule below; (3) Capital Appreciation Bonds matured in 2006.

The bonds mature in the initial principal amounts ranging from \$800,000 in 2002 to \$1,095,000 in 2005 and \$480,036 in 2006. The effective annual yield on these bonds ranges from 7.690% to 8.34%. The bonds are not limited as to payment to any special source of funds of the City. The accreted value of the Pension Obligation Bonds at June 30, 2008 was \$8,820,000.

**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2009	\$ 1,820,000	\$ 640,413	\$ 2,460,413
2010	2,020,000	486,688	2,506,688
2011	2,325,000	310,172	2,635,172
2012	2,655,000	107,859	2,762,859
Total	<u>\$ 8,820,000</u>	<u>\$ 1,545,132</u>	<u>\$ 10,365,132</u>

***Certificates of Participation***

	<b>Balance July 1, 2007</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2008</b>
2000 COP, Series A Corp. Yard	\$ 18,970,000	\$ -	\$ (1,235,000)	\$ 17,735,000
2002 COP Police Facility	57,860,000	-	(1,200,000)	56,660,000
2003 Refunding COP Town Center II Parking Project	6,225,000	-	(1,140,000)	5,085,000
2004 COP Civic Center Phase 1	36,465,000	-	(790,000)	35,675,000
2006 COP Civic Center Phase 2	20,325,000	-	(435,000)	19,890,000
Total	<u>\$ 139,845,000</u>	<u>\$ -</u>	<u>\$ (4,800,000)</u>	<u>\$ 135,045,000</u>

***2000 COP, Series A***

In October 2000, the Chula Vista Public Financing Authority (Authority) issued \$25,255,000 in 2000 Certificates of Participation, Series A, to provide funds to improve the City's 800 Megahertz emergency communications system, improve the City's Corporation Yard, finance a reserve account for the certificates, and pay the costs of issuance incurred in connection with the execution and delivery of the certificates. The source of the repayments of the certificates is the lease payments to be made by the City to the Authority. The certificates mature in amounts ranging from \$855,000 in 2001 to \$1,790,000 in 2020. Interest is payable semi-annually on March 1 and September 1, at interest rates ranging from 4.25% to 5.25%. The certificates maturing after September 1, 2010, are subject to redemption at premiums ranging from zero to 2%. The outstanding balance at June 30, 2008 is \$17,735,000.

**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2009	\$ 1,025,000	\$ 838,484	\$ 1,863,484
2010	1,070,000	792,523	1,862,523
2011	1,120,000	744,343	1,864,343
2012	1,165,000	693,490	1,858,490
2013	1,220,000	639,218	1,859,218
2014-2018	7,020,000	2,240,827	9,260,827
2019-2021	5,115,000	410,719	5,525,719
Total	<u>\$ 17,735,000</u>	<u>\$ 6,359,604</u>	<u>\$ 24,094,604</u>

**2002 COP**

In June 2002, the Chula Vista Public Financing Authority issued \$60,145,000 in 2002 Certificates of Participation to provide funds to construct the City's Police Headquarters, finance the reserve account of the certificates, to capitalize interest during construction and to pay the cost of issuance of the certificates. The source of repayment of the certificates is the lease payments to be made by the City to the Authority. Interest is payable semiannually on February 1 and August 1 of each year commencing August 1, 2005. As of June 30, 2008 the outstanding balance is \$56,660,000.

The annual debt service requirements for the 2002 Certificates of Participation outstanding at June 30, 2008 were as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2009	\$ 1,240,000	\$ 2,671,346	\$ 3,911,346
2010	1,290,000	2,620,746	3,910,746
2011	1,340,000	2,568,146	3,908,146
2012	1,400,000	2,513,346	3,913,346
2013	1,460,000	2,456,146	3,916,146
2014-2018	8,315,000	11,284,812	19,599,812
2019-2023	10,525,000	9,122,509	19,647,509
2024-2028	13,570,000	6,145,750	19,715,750
2029-2033	17,520,000	2,279,500	19,799,500
Total	<u>\$ 56,660,000</u>	<u>\$ 41,662,301</u>	<u>\$ 98,322,301</u>

**2003 Refunding COP**

**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

In May 2003, the Chula Vista Public Financing Authority (Authority) issued \$11,320,000 in 2003 Refunding Certificates of Participation to defease the 1993 Certificates, reimburse the City for amounts it has advanced to prepay the equipment lease, finance a reserve account, and pay for the cost of issuance of the Certificates. The Certificates are to be repaid from lease payments made by the City to the Authority for leasing certain property. Interest is payable semiannually on March 1 and September 1 of each year commencing September 1, 2003. The certificates mature in 2013 and principal is payable on September 1 each year commencing September 1, 2003. As of June 30, 2008 the outstanding balance is \$5,085,000.

The annual debt service requirements for the 2003 Refunding Certificates of Participation outstanding at June 30, 2008 were as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2009	\$ 940,000	\$ 131,525	\$ 1,071,525
2010	940,000	109,905	1,049,905
2011	965,000	84,880	1,049,880
2012	990,000	56,273	1,046,273
2013	1,030,000	24,438	1,054,438
2014	220,000	3,850	223,850
Total	<u>\$ 5,085,000</u>	<u>\$ 410,871</u>	<u>\$ 5,495,871</u>

**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

In September 2004, the Chula Vista Public Financing Authority (Authority) issued \$37,240,000 in 2004 Certificates of Participation to provide funding for the first phase of the reconstruction, renovation, and equipping of the City's Civic Center Complex. Proceeds were also used to finance the reserve account of the certificates, to capitalize interest during construction, and to pay the cost of issuance of the certificates. The source of repayment of the certificates is the lease payments to be made by the City to the Authority. Interest is payable semiannually on March 1 and September 1 of each year commencing March 1, 2006. The certificates mature in 2034 and principal is payable on September 1 each year commencing September 1, 2006. As of June 30, 2008, the outstanding balance is \$35,675,000.

The annual debt service requirements for the 2004 Certificates of Participation Civic Center Project Phase I outstanding at June 30, 2008 were as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2009	\$ 810,000	\$ 1,583,393	\$ 2,393,393
2010	830,000	1,561,118	2,391,118
2011	855,000	1,536,218	2,391,218
2012	885,000	1,507,361	2,392,361
2013	915,000	1,476,386	2,391,386
2014-2018	5,135,000	6,832,456	11,967,456
2019-2023	6,280,000	5,686,346	11,966,346
2024-2028	7,815,000	4,149,350	11,964,350
2029-2033	9,870,000	2,093,525	11,963,525
2034	2,280,000	114,000	2,394,000
Total	<u>\$ 35,675,000</u>	<u>\$ 26,540,153</u>	<u>\$ 62,215,153</u>

**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

In March 2006, the Chula Vista Public Financing Authority (Authority) issued \$20,325,000 in 2006 Certificates of Participation to provide funds for the construction and equipping of certain improvements to the Civic Center Complex of the City of Chula Vista and other existing City facilities, fund capitalized interest, fund a reserve fund, and pay the costs incurred in connection with the execution and delivery of the Certificates. The source of repayment of the certificates is the lease payments to be made by the City to the Authority. Interest is payable semiannually on March 1 and September 1 of each year commencing September 1, 2006. The certificates mature in 2036 and principal is payable on March 1 each year commencing March 1, 2008. As of June 30, 2008 the outstanding balance is \$19,890,000.

The annual debt service requirements for the 2006 Certificates of Participation Civic Center Project Phase 2 outstanding at June 30, 2008 were as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2009	\$ 450,000	\$ 822,499	\$ 1,272,499
2010	465,000	807,199	1,272,199
2011	480,000	791,389	1,271,389
2012	495,000	775,069	1,270,069
2013	510,000	758,239	1,268,239
2014-2018	2,855,000	3,499,699	6,354,699
2019-2023	3,445,000	2,900,919	6,345,919
2024-2028	3,895,000	2,123,925	6,018,925
2029-2033	4,255,000	1,268,425	5,523,425
2034-2036	3,040,000	277,650	3,317,650
Total	<u>\$ 19,890,000</u>	<u>\$ 14,025,013</u>	<u>\$ 33,915,013</u>



**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

In May 2005, the Agency participated in a \$765,000 Loan Agreement with the California Statewide Communities Development Authority to finance their 2005 share of ERAF Payments to the County Auditor. The annual debt service payments are:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2009	\$ 70,000	\$ 28,704	\$ 98,704
2010	75,000	25,570	100,570
2011	80,000	22,118	102,118
2012	80,000	18,354	98,354
2013	85,000	14,526	99,526
2014-2015	185,000	16,236	201,236
Total	<u>\$ 575,000</u>	<u>\$ 125,508</u>	<u>\$ 700,508</u>

In May 2006, the Agency participated in a \$930,000 Loan Agreement with the California Statewide Communities Development Authority to finance their 2006 share of ERAF Payments to the County Auditor. The annual debt service payments are:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2009	\$ 80,000	\$ 44,972	\$ 124,972
2010	85,000	40,632	125,632
2011	90,000	35,996	125,996
2012	95,000	31,052	126,052
2013	100,000	25,784	125,784
2014-2016	340,000	42,262	382,262
Total	<u>\$ 790,000</u>	<u>\$ 220,698</u>	<u>\$ 1,010,698</u>

***Section 108 Loan***

In June 2008, the City entered into a Contract for Loan Guarantee Assistance with the US Department of Housing and Urban Development (HUD) as part of the Section 108 Loan Program in the amount of \$9,500,000. The Section 108 Loan is an “advance” of future CDBG entitlement funds and, as such, is repaid with a portion of the City’s annual entitlement. Proceeds of the loan will be used to fund multiple capital improvement projects. Debt service payments will be made with future CDBG entitlements for the next 20 years, beginning with fiscal year 2008/2009. As of June 30, 2008, the outstanding balance is \$9,500,000. The annual debt service payments are as follows:

**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2009	\$ -	\$ 287,033	\$ 287,033
2010	287,000	447,471	734,471
2011	302,000	439,015	741,015
2012	317,000	428,866	745,866
2013	332,000	417,073	749,073
2014-2018	1,930,000	1,859,145	3,789,145
2019-2023	2,464,000	1,350,650	3,814,650
2024-2028	3,144,000	631,761	3,775,761
2029	724,000	19,620	743,620
Total	<u>\$ 9,500,000</u>	<u>\$ 5,880,634</u>	<u>\$ 15,380,634</u>

***Notes Payable***

In January 1994, the City entered into a note payable with a private party in order to purchase certain land and improvements for the ultimate purpose of constructing a three-level parking structure. The note calls for 240 monthly payments of principal and interest, commencing in April 1994 in the initial amount of \$2,548 and increasing 3% percent annually. The annual interest rate is 8.29%. As of June 30, 2008, the outstanding balance is \$ 224,326. The annual debt service payments are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2009	\$ 29,187	\$ 17,525	\$ 46,712
2010	33,157	14,956	48,113
2011	37,513	12,043	49,556
2012	42,289	8,753	51,042
2013	47,523	5,051	52,574
2014	34,657	1,086	35,743
Total	<u>\$ 224,326</u>	<u>\$ 59,414</u>	<u>\$ 283,740</u>

***Capital Leases***

The City has participated in the San Diego County Regional Communication System (RCS). The City financed its share of the RCS network infrastructure over 14 years in the amount of \$2,809,405. The agreement with the County provided the City with full partnership in the RCS. As of June 30, 2008, the outstanding balance is \$1,470,345.

The annual debt service payments are as follows:

**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2008, were as follows:

Year Ending June 30	Principal	Interest	Total
2009	\$ 212,660	\$ 83,074	\$ 295,734
2010	224,675	71,059	295,734
2011	237,369	58,365	295,734
2012	250,780	44,954	295,734
2013	264,948	30,785	295,733
2014	279,913	15,815	295,728
Total	<u>\$ 1,470,345</u>	<u>\$ 304,052</u>	<u>\$ 1,774,397</u>

On April 16, 2008 the City entered into a five year lease purchase agreement for the acquisition of medical resuscitation equipment manufactured by Zoll Medical Corporation for use by the Fire Department to be financed by Kansas State Bank of Manhattan in the amount of \$764,224. This will replace the existing equipment that is beyond its useful performance life. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments at the inception date.

The assets acquired through capital leases are as follows:

	<u><b>Governmental Activities</b></u>
<b>Assets:</b>	
Machinery and equipment	\$ 764,224
Less: accumulated depreciation	<u>-</u>
Total	<u>\$ 764,224</u>

**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2008, were as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2009	\$ 139,678	\$ 32,537	\$ 172,215
2010	146,529	25,686	172,215
2011	153,717	18,499	172,216
2012	161,257	10,959	172,216
2013	140,407	3,106	143,513
Total	<u>\$ 741,588</u>	<u>\$ 90,787</u>	<u>\$ 832,375</u>

***Compensated Absences***

The City's liability for vested and unpaid compensated absences (accrued vacation) has been accrued and amounts to \$6,430,075 at June 30, 2008. For the governmental activities claims and judgments and compensated absences are generally liquidated by the general fund. In business-type funds, the liabilities are reported in the fund as the benefits vest and are earned. Compensated absences at June 30, 2008 were obligations of the following funds:

Governmental Funds	\$ 6,370,834
Fleet Management	<u>59,241</u>
Total	<u>\$ 6,430,075</u>

***(f) Special Assessment Debt – Non-City Obligation***

Bonds issued to finance public improvement projects in certain assessment districts are liabilities of the property owners and are secured by liens against the assessed property. The City acts as an agent for collection of principal and interest payments by the property owners and remittance of such monies to the bondholders.

The City has no obligation or duty to pay any delinquency out of any available funds of the City. Neither the faith, credit, nor the taxing power of the City is pledged to the payment of the bonds. Thereafter, none of the following obligations are included in the accompanying basic financial statements.

**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

As of June 30, 2008, the total special assessment debt outstanding was as follows:

	<b>Original Amount</b>	<b>Outstanding June 30, 2008</b>
CFD 06-I A Eastlake Woods, Vista, Land Swap	\$ 39,000,000	\$ 36,575,000
CFD 06-I B Eastlake Woods, Vista, Land Swap	7,880,000	7,505,000
CFD 01-2 McMillin Otay Valley Ranch Village 6	10,250,000	9,610,000
CFD 08-I Otay Ranch Village	21,655,000	20,525,000
CFD 07-I Otay Ranch Village 11	28,050,000	27,005,000
CFD 12-I McMillin Otay Ranch Village 7	22,565,000	22,205,000
CFD 2001-1 B San Miguel Ranch 2005 Improvement	12,230,000	12,050,000
CFD 13-I McMillin Otay Ranch Village 7	16,620,000	16,350,000
CFD 07-I McMillin Otay Ranch Village 1	16,950,000	16,685,000
2005 Revenue Refunding Bonds	93,930,000	89,045,000
AD 94-1 Eastlake Greens Phase II	7,464,474	3,665,000
RAD2001-1 Refunding Revenue Bonds Residential	20,445,000	16,870,000
RAD2001-2 Refunding Revenue Bonds Commercial	9,705,000	2,775,000
Industrial Development Revenue Bonds, 1992 Series A-D	250,000,000	150,000,000
Industrial Development Revenue Bonds, 1996 Series A-B	98,900,000	98,900,000
Industrial Development Revenue Bonds, 1997 Series A	25,000,000	25,000,000
Industrial Development Revenue Bonds, 2004 Series A-F	251,265,000	251,265,000
Industrial Development Revenue Bonds, 2006 Series A	161,240,000	161,240,000
Total	<u>\$ 1,093,149,474</u>	<u>\$ 967,270,000</u>

**(g) Multi-Family Housing Bonds – Non-City Obligation**

Bonds issued to finance public improvement and/or affordable multifamily housing projects are liabilities of the developers and are secured by liens against the assessed property. The City has no obligation or duty to pay any delinquency out of any available funds of the City. Neither the faith, credit, nor the taxing power of the City is pledged to the payment of the bonds. Thereafter, none of the following obligations are included in the accompanying basic financial statements.

**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

As of June 30, 2008, the total multifamily housing bonds outstanding were as follows:

	<u>Original Amount</u>	<u>Outstanding June 30, 2008</u>
1998 A Gateway Town Center	\$ 36,020,000	\$ 33,995,000
1998 B Gateway Town Center	4,625,000	4,300,000
2000 A Pear Tree Manor Project	5,779,000	5,049,000
1999 A Villa Serena Project	5,566,500	5,566,500
1999 B Villa Serena Project	786,000	146,000
2007 A Oxford Terrace Apartments	2,276,000	2,231,000
2007 B Oxford Terrace Apartments	2,363,000	2,363,000
2006 A Teresina Apartment Project	37,940,000	37,940,000
2007 C The Landings Apartments	<u>16,670,000</u>	<u>10,340,000</u>
Total	<u>\$ 112,025,500</u>	<u>\$ 101,930,500</u>

**(h) Debt Compliance**

At June 30, 2008, City management believes that the City has complied with all requirements of its various debt agreements.

**(i) Self Insurance**

The City is self-insured for the first \$250,000 per occurrence for its general liability losses including personal injury, property damage, errors and omission, automobile liability and employment practices liability. For those losses between \$250,000 and \$2,000,000 per occurrence the City pools its liabilities through its membership in the San Diego Pooled Insurance Program Authority (SANDPIPA). Insurance for losses in excess of the \$2,000,000 up to \$37,000,000 is purchased on a group basis by the member cities.

SANDPIPA is a joint powers authority comprised of twelve San Diego County cities. The Board of Directors consists of one staff representative (and an alternative) from each of the member cities as designated by the city's governing body. Each member has equal representation on the Board of Directors. The Board of Directors is liable for all actions of SANDPIPA.

The SANDPIPA Board of Directors establishes an Executive Committee that is responsible for the administration and operation of the risk management programs of SANDPIPA, subject to the control of the Board. The Executive Committee consists of the Board President, Vice-President, Treasurer and a member at-large nominated by the Board President and approved by a vote of the Board. The Executive Committee is responsible for the oversight of all SANDPIPA operations, including preparation and submittal of the Pool's annual budget to the Board for its review and approval.

**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

Annual pool premiums and assessments are approved by the Board of Directors and are adjusted annually based on the member city's incurred losses; the member's share of such losses and other expenses as a proportion of all member's losses; historical contributions to reserves (including reserves for IBNR losses); the cost to purchase excess liability insurance and other coverage and a proportionate share of administrative expenses.

The City is self-insured for the first \$1,000,000 per occurrence for worker's compensation liabilities. Excess workers' compensation coverage is obtained through participation in the CSAC Excess Insurance Authority's Excess Workers' Compensation Program. As of June 30, 2008, there are 111 member entities participating in the program that offers per occurrence coverage up to \$5,000,000 through pooled resources and from \$5,000,000 to statutory limits via group purchased excess insurance policies.

Only the probable amounts of loss as estimated by the City's Risk Manager and Attorney, including an estimate of incurred-but-not reported losses, have been recorded as liabilities in the accompanying basic financial statements. There were no reductions in insurance from the prior year and there were no insurance settlements that exceeded coverage in each of the past three years.

The following change in the balance of claims payable as recorded in the Governmental Activities were as follows:

	<u>2008</u>	<u>2007</u>
Unpaid claims, beginning of year	\$ 13,879,589	\$ 12,618,048
Incurred claims and changes in estimates	5,394,212	4,617,779
Claim payments	<u>(3,605,920)</u>	<u>(3,356,238)</u>
Unpaid claims, end of year	<u>\$ 15,667,881</u>	<u>\$ 13,879,589</u>
Due within one year	<u>\$ 3,600,000</u>	<u>\$ 3,300,000</u>

The liabilities for claims and judgments typically will be liquidated from the General Fund.

**(4) Other Information**

**(a) California Public Employees' Retirement Plan**

During the year ended June 30, 2008, the City implemented GASB Statement No. 50, *Pension Disclosures and Amendment of GASB Statements No. 25 and 27*.

**Plan Description:**

The City contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and

**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

personal disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by the State statute and the City ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office located at 400 P Street, Sacramento, California 95814.

***Funding Policy:***

Active plan members are required to contribute 8% for miscellaneous and 9% for safety employees of their annual covered salary. The City employer makes the contribution required of City employees on their behalf and for their account, which amounted to \$7,599,297 for the year ended June 30, 2008. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members based on the Entry Age Actuarial Cost Method. The actuary methods and assumptions used are those adopted by the CalPERS Board of Administration.

The required employer contribution rate for the year ended June 30, 2008 was 26.267% for miscellaneous employees and 31.291% for safety employees. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

The funded status of the plan based on the June 30, 2007 actuarial valuation is as follows:

<b>Accrued Liability</b>	<b>Actuarial Value of Assets</b>	<b>Unfunded Liability (Excess Assets)</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>Actuarial Accrued Liability of Payroll</b>
<u>Miscellaneous Employees</u>					
\$ 281,675,066	\$ 222,787,140	\$ 58,887,926	79.1%	\$ 58,318,509	101.0%
<u>Safety Employees</u>					
\$ 239,978,002	\$ 208,928,683	\$ 31,049,319	87.1%	\$ 34,665,240	89.6%

The schedule of funding progress presented as Required Supplementary Information following the Notes to Financial Statements, presents multiyear trend information over time relative to the actuarial accrued liability for benefits.

***Annual Pension Cost:***

For 2007-2008, the City's annual required contribution cost of \$17,545,936 for PERS was equal to the City's actual contributions. The required contribution was determined as part of the June 30, 2005, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases range from 3.25% to 14.45% for miscellaneous employees and



**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

3.25% to 13.15% for safety employees depending on age, service and type of employment and (c) 3.25% per year cost of living adjustments. Both (a) and (b) included an inflation component of 3%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three year period. PERS unfunded actual accrued liability (or surplus) for both miscellaneous and safety employees are being amortized as a level percentage of payroll over a closed 20-year period for prior and current service unfunded liability.

Three-year trend information for the Miscellaneous and Safety Plans:

<b>Fiscal Year</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
6/30/2006	\$ 17,893,117	100%	\$ -
6/30/2007	17,773,292	100%	-
6/30/2008	19,084,940	100%	-

The City's changes in net pension asset for the year ended June 30, 2008, were as follows:

Annual required contribution	\$ (17,545,936)
Interest on net pension asset	852,438
Adjustment to the annual required contribution	<u>(2,391,442)</u>
Annual pension cost	(19,084,940)
Contributions made	<u>17,545,936</u>
Decrease in net pension asset	(1,539,004)
Net pension asset, beginning of year, as restated	<u>10,999,199</u>
Net pension asset, end of year	<u><u>\$ 9,460,195</u></u>

**(b) Defined Contribution Pension Plan**

The City provides pension plan benefits for all of its part-time employees through a defined contribution plan (Public Agency Retirement Plan). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan is administered by Phase II Systems. All part-time employees are eligible to participate from the date of employment. Federal legislation requires contributions of at least 7.5% to a retirement plan, and City Council resolved to match the employees' contributions of 3.75%. The City's contributions for each employee (and interest earned by the accounts) are fully vested immediately.

**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

For the year ended June 30, 2008, the City's total payroll and covered payroll was \$3,201,923. The City made employer contributions of \$120,072 (3.75% of current covered payroll), and employees contributed \$120,072 (3.75% of current covered payroll).

**(c) Postemployment Benefits**

During the year ended June 30, 2008, the City implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*.

**Plan Description**

The City provides a Retiree Healthcare Plan, which allows retirees to purchase healthcare coverage under the City's medical plan. Retirees pay 100% of the premiums. Retirees not eligible for Medicare pay the same healthcare premiums as active employees, even though retiree's healthcare costs are greater than that of active employees. This results in an implied subsidy of retiree's healthcare costs by the City. On October 16, 2007 the City Council approved a medical incentive program for early retirement, the City offered to pay the employees single premiums until December 31, 2009 if the employee retired prior to January 1, 2008. The City also offered to pay the employees single premiums until December 31, 2008 for those employees who retired in 2008. The City does not produce separate financial statements for the plan.

**Eligibility**

Employees are eligible for retiree health benefits if they retired from the City on or after age 50 (unless disabled) and are eligible for PERS pension. The benefits are available only to employees who retired from the City. Membership of the plan consisted of the following at June 30, 2008:

	<u>Police</u>	<u>Fire</u>	<u>Miscellaneous</u>
Eligible active employees	248	112	849
Enrolled eligible retirees	24	17	103

The above table does not reflect current retirees not enrolled in the healthcare plan who are eligible to enroll in the plan at a later date.

**Funding Policy**

The City offers an implied subsidy benefit paid from the City's general fund. The City's contribution is based on pay as-you-go. The retirees pay 100% of their individual premiums except for the retirees who retired under the incentive plan. The City is contributing between \$359 to \$575 in premiums on behalf of the employee who retired under the incentive plan.

**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

***Annual Other Postemployment Benefits (OPEB) Cost and Net OPEB Obligation***

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contributions of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) not to exceed thirty years.

The City's OPEB obligations as of June 30, 2008, per the most recent actuarial valuation, was \$782,000.

The flowing table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual Required Contribution	\$ 1,149,000
Contributions made	<u>(367,000)</u>
Increase in net OPEB obligation	782,000
Net OPEB obligation, beginning of year	<u>-</u>
Net OPEB obligation, end of year	<u><u>\$ 782,000</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 and two preceding years were as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
6/30/2006	N/A	N/A	N/A
6/30/2007	N/A	N/A	N/A
6/30/2008	\$ 1,149,000	32.0%	\$ 782,000

***Funding Status and Progress***

As of June 30, 2007, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$8.5 million, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$8.5 million and a funded ratio (actuarial value of assets as a percentage of the actuarial accrued liability) of 0 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about the future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the

**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

***Actuarial Methods and Assumptions***

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefits costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

The actuarial cost method used for determining the benefit obligation is the Entry Age Normal Cost Method. The actuarial assumptions included a 4.50% discount rate, the inflation rate for HMO's starts at 9.7% (the increase in 2009 premiums over 2008) and grades down to 4.5% (2017 premiums over 2016) and remains at 4.5% into the future. This assumption means healthcare is assumed to increase, on the average, 7.1% for HMO's and 7.5% for PPO's a year for the next 9 years after 2008. The general inflation assumption rate is 3% and is assumed that healthcare will level off at 1.5% over general inflation. The UAAL is being amortized as a level percentage of projected payroll over 30 years.

***(d) Commitments and Contingent Liabilities***

The City is presently involved in certain matters of litigation that have arisen in the normal course of conducting City business. City management believes, based upon consultation with the City Attorney, that these cases, in the aggregate, are not expected to result in a material adverse financial impact on the City. Additionally, management believes that the City's insurance programs are sufficient to cover any potential losses should an unfavorable outcome materialize.

The City participates in a number of federally assisted grant programs, including those from the U.S. Department of Housing and Urban Development, the U.S. Department of Justice, the U.S. Department of Treasury, and the U.S. Department of Education. Receipts from these grant programs are subject to audit to determine if the monies were expended in accordance with appropriate statutes, grant terms and regulations. The City believes no significant liabilities will result.

The General Fund has loaned approximately \$619,173 to the Agency for unreimbursed services rendered by City staff. It is anticipated that the Agency will repay this loan from tax increment revenues. Currently, tax increment revenues are used to pay for related debt service expenditures and possible future debt issuance. As a result, the Agency is uncertain if the amount will be repaid to the City's General Fund. Accordingly, this contingent payable has not been reported in accompanying basic financial statements. The Agency will record the contingent payable when payment is assured.

**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

**(5) Restatement of Net Assets/Fund Balance**

During the year ended June 30, 2008, the City recorded the following prior period adjustments to Net Assets and Fund Balances:

	<u>Previously Reported</u>	<u>Adjustment</u>	<u>Restated</u>
<b>Governmental Funds</b>			
<b>Development Impact Fund</b>	\$ 45,215,152	\$ 5,167,382	\$ 40,047,770
from Capital Projects funds to Enterprise fund			
<b>Storm Drain Fund</b>	37,371,760	37,287,406	84,354
Reclassification of sewer funds from Special Revenue Funds into Enterprise Funds.			
<b>Sundry Grants</b>	7,609,707	6,933,286	676,421
Adjustment to record deferred revenue for federally funded loans			
<b>Redevelopment Agency</b>	21,905,585	9,280,964	12,624,621
Adjustment to record deferred revenue for federally funded loans			
<b>Sewer Facility Replacement</b>	7,303,869	7,303,869	-
Reclassification of sewer funds from Special Revenue Funds into Enterprise Funds.			
Total restatement of the fund balances governmental funds	<u>\$ 119,406,073</u>	<u>\$ 65,972,907</u>	<u>\$ 53,433,166</u>
<b>Enterprise Funds</b>			
<b>Sewer DIFS</b>	\$ -	\$ 7,504,503	\$ 7,504,503
Transfer of fund balances and capital assets from Capital Project Funds to Enterprise.			
<b>Sewer Funds</b>	-	192,256,614	192,256,614
Transfer of fund balances and capital assets from Special Revenue funds and Capital Projects fund into new Enterprise Fund.			
Total restatement of the beginning net assets enterprise funds	<u>\$ -</u>	<u>\$ 199,761,117</u>	<u>\$ 199,761,117</u>
<b>Internal Service Fund</b>			
<b>Fleet Management</b>	<u>\$ 4,294,884</u>	<u>\$ 358,041</u>	<u>\$ 4,652,925</u>
Transfer of equipment from General Fund into Internal Service Fund			

**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

**Capital Assets Restatement**

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Infrastructure	\$ 205,996,105
Less accumulated depreciation	<u>(65,560,034)</u>
Total infrastructure net of accumulated depreciation	<u>140,436,071</u>
Transfer infrastructure from General Government activities to Business type activities.	
Equipment	2,462,843
Less accumulated depreciation	<u>(1,895,634)</u>
Total equipment net of accumulated depreciation	<u>567,209</u>
Transfer equipment from General Government activities to Business type activities.	
Construction in progress	
Prior year infrastructure that was not recorded as part of CIP	<u>(1,619,003)</u>
Total capital assets restated	<u><u>\$ 139,384,277</u></u>

**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

**Net assets restatement:**

Governmental activities	
Net assets as of June 30, 2007	
as previously reported	\$ 910,633,909
Net pension asset	10,999,199
Capital asset restatement	(139,384,277)
Transfers from Governmental funds	
to Enterprise funds:	
Development Impact Fee Fund	(5,167,382)
Sewer Funds	(37,371,760)
Storm Drain Fund	84,354
Sewer Facility Replacement Fund	(7,303,869)
Total Transfers from Governmental funds	
To Enterprise Funds	(49,758,657)
Internal Service Fund	358,041
Total	<u><u>\$ 732,848,215</u></u>

**Fund balance restatements:**

Governmental funds	
Fund balance as of June 30, 2007	
as previously reported	213,745,652
Transfers from Governmental funds	
to Enterprise funds:	
Development Impact Fee Fund	(5,167,382)
Sewer Funds	(37,371,760)
Storm Drain Fund	84,354
Sewer Facility Replacement Fund	(7,303,869)
Total transfers from governmental funds	
To Enterprise Funds	(49,758,657)
Reclassification of loans to outside entities to deferred revenue.	
Sundry Grants Fund	(6,933,286)
Redevelopment Agency Fund	(9,280,964)
Total reclassification of loans to	
outside entities	(16,214,250)
Total fund balance as of June 30, 2007, as restated	<u><u>\$ 147,772,745</u></u>

**Net assets restatement:**

Proprietary funds	
Net assets as of June 30, 2007 as previously reported	5,994,257
Transfer of fund balances and capital assets from Special Revenue funds	
and Capital Projects fund into new Sewer Enterprise Fund.	199,761,117
Total	<u><u>\$ 205,755,374</u></u>

**Internal Service funds:**

Net assets as of June 30, 2007 as previously reported	4,536,831
Transfer of equipment from General Fund into Internal Service Fund	358,041
Total	<u><u>\$ 4,894,872</u></u>

**CITY OF CHULA VISTA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2008**

**(6) Subsequent Event**

- (a) On June 3, 2008, a resolution was approved by the City Council authorizing to refund the 2000 Tax Allocation Bonds (Merged Redevelopment Project) in order to take advantage of the prevailing market conditions and realize interest rate savings and/or restructure debt service for cash flow purposes. The Redevelopment Agency of the City issued the 2008 Tax Allocation Refunding Bonds (Merged Redevelopment Project) on July 1, 2008 in the amount of \$21,625,000. The proceeds of the 2008 Bonds were used (i) to pay or repay costs of redevelopment activity of the Merged Redevelopment Project; (ii) to refund all or a portion of the Refunded Bonds; (iii) to reimburse costs of capital relating to certain certificates of participation of the City, (iv) to repay certain loans made by the City to the Agency, (v) to establish a reserve account for such 2008 Bonds; and (vi) to pay a portion of the costs of issuing such 2008 Bonds. The bonds consist of \$11,570,000 serial bonds which mature from 2014 to 2028 in amounts ranging from \$575,000 to \$1,020,000 and term bonds of \$3,345,000 and \$6,710,000 which mature in 2031 and 2036, respectively. Interest is payable semiannually in March and September at interest rates ranging from 4.5% to 4.75%. The bonds are subject to optional redemption on any interest payment date on or after September 1, 2018 at redemption price equal to the principal amount of the Bonds to be redeemed, without premium, together with accrued interest thereon to the date fixed for redemption.
- (b) On July 1, the City issued \$25,000,000 TRANs through the California Statewide Communities Development Authority (CSCDA) Program, with maturity not to exceed 13 months and an interest rate of 3.0% per annum. TRANs are an inexpensive method of financing short term cash shortfalls and was developed to assist local governments to finance short term cash flow deficits which occur due to the irregular receipt of certain taxes and/or revenues.



## **REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF CHULA VISTA**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Funding Progress for PERS and**  
**Schedule of Funding Progress for Postemployment Benefits**  
**June 30, 2008**

**Schedule of Funding Progress for PERS**

**Miscellaneous Employees**

<b>Actuarial Valuation Date</b>	<b>Accrued Liability (a)</b>	<b>Actuarial Asset Value (b)</b>	<b>Unfunded Liability/ (Excess Assests) [(a)-(b)]</b>	<b>Funded Status [(b)/(a)]</b>	<b>Annual Covered Payroll (c)</b>	<b>UL As a % of Payroll [(a)-(b)]/(c)</b>
6/30/2005	\$ 232,282,399	\$ 174,477,224	\$ 57,805,175	75.1%	\$ 52,893,195	109.3%
6/30/2006	257,692,801	196,921,453	60,771,348	76.4%	57,654,921	105.4%
6/30/2007	281,675,066	222,787,140	58,887,926	79.1%	58,318,509	101.0%

**Safety Employees**

<b>Actuarial Valuation Date</b>	<b>Accrued Liability (a)</b>	<b>Actuarial Asset Value (b)</b>	<b>Unfunded Liability/ (Excess Assests) [(a)-(b)]</b>	<b>Funded Status [(b)/(a)]</b>	<b>Annual Covered Payroll (c)</b>	<b>UL As a % of Payroll [(a)-(b)]/(c)</b>
6/30/2005	\$ 196,045,435	\$ 174,416,640	\$ 21,628,795	89.0%	\$ 26,119,100	82.8%
6/30/2006	221,829,740	190,269,514	31,560,226	85.8%	31,000,407	101.8%
6/30/2007	239,978,002	208,928,683	31,049,319	87.1%	34,665,240	89.6%

**Schedule of Funding Progress for Postemployment Benefits**

<b>Actuarial Valuation Date</b>	<b>Actuarial Asset Value (a)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age (b)</b>	<b>Unfunded AAL (UAAL) [(a)-(b)]</b>	<b>Funded Ratio [(b)/(a)]</b>	<b>Annual Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll [(a)-(b)]/(c)</b>
6/30/2007	N/A	\$ 8,586,000	\$ 8,586,000	0.00%	\$ 367,000	23.40%

**CITY OF CHULA VISTA**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2008**

	<b>Budgeted Amounts</b>			<b>Variance Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues:</b>				
Taxes	\$ 89,532,611	\$ 89,532,611	\$ 80,428,081	\$ (9,104,530)
Intergovernmental	23,342,187	23,682,064	24,989,256	1,307,192
Licenses and permits	4,416,237	4,416,237	2,697,338	(1,718,899)
Charges for services	17,814,497	17,826,592	14,471,074	(3,355,518)
Fines and forfeitures	1,771,331	1,771,331	1,519,716	(251,615)
Use of money and property	2,407,669	2,407,669	2,912,583	504,914
Other	18,291,532	18,894,793	19,868,698	973,905
Total revenues	157,576,064	158,531,297	146,886,746	(11,644,551)
<b>Expenditures:</b>				
General government				
City council	1,545,612	1,394,480	1,283,807	110,673
Boards and commissions	14,736	14,736	8,864	5,872
City clerk	1,207,648	1,296,504	1,192,305	104,199
City attorney	2,670,327	2,670,327	2,527,362	142,965
Administration	3,413,066	3,468,682	3,151,239	317,443
Management and information	4,173,987	4,178,487	3,842,649	335,838
Human resources	8,494,453	8,829,453	7,866,293	963,160
Finance	3,183,990	3,184,409	2,966,578	217,831
Community development	1,912,251	1,931,656	1,364,036	567,620
Planning and building	9,751,885	9,751,885	8,829,093	922,792
Public safety:				
Police	50,512,695	50,796,852	47,782,785	3,014,067
Fire	24,703,543	25,018,807	23,603,741	1,415,066
Public works:				
Engineering	6,685,044	6,698,275	5,822,892	875,383
Services	29,252,985	29,286,578	26,776,025	2,510,553
Parks and recreation	7,876,530	7,964,219	6,843,070	1,121,149
Library	9,927,389	9,963,048	8,307,313	1,655,735
<b>Non-departmental:</b>				
Furlough and pension obligation bonds	(2,844,209)	(2,286,830)	323	(2,287,153)
Capital outlay	97,000	747,026	967,422	(220,396)
Total expenditures	162,578,932	164,908,594	153,135,797	11,772,797

(Continued)

**CITY OF CHULA VISTA**  
**General Fund**  
**Budgetary Comparison Schedule (Continued)**  
**For the Year Ended June 30, 2008**

	<b>Budgeted Amounts</b>			<b>Variance Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
Excess (deficiency) of revenues over (under) expenditures	(5,002,868)	(6,377,297)	(6,249,051)	128,246
<b>Other financing sources (uses):</b>				
Issuance of debt	-	-	764,224	764,224
Transfers in	10,616,544	10,616,544	9,736,285	(880,259)
Transfers out	(6,122,839)	(6,122,839)	(6,009,889)	112,950
Total other financing sources (uses)	4,493,705	4,493,705	4,490,620	(3,085)
Net change in fund balance	(509,163)	(1,883,592)	(1,758,431)	125,161
Fund balance, beginning of year	35,502,257	35,502,257	35,502,257	
Fund balance, end of year (budgetary basis)	<u>\$ 34,993,094</u>	<u>\$ 33,618,665</u>	33,743,826	<u>\$ 125,161</u>
Encumbrances outstanding at year end			<u>332,316</u>	
Fund balance, end of year (GAAP basis)			<u>\$ 34,076,142</u>	

See Accompanying Note to Required Supplementary Information.

**CITY OF CHULA VISTA**  
**Sundry Grants Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2008**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>				
Intergovernmental	\$ 8,400,059	\$ 10,641,381	\$ 10,402,911	\$ (238,470)
Use of money and property	5,390	5,390	78,890	73,500
Other	900	608,346	37,770	(570,576)
Total revenues	<u>8,406,349</u>	<u>11,255,117</u>	<u>10,519,571</u>	<u>(735,546)</u>
<b>Expenditures:</b>				
Current:				
General government	2,247,964	4,176,976	2,797,244	1,379,732
Public safety	3,132,347	3,793,420	3,248,670	544,750
Public works	598,575	2,416,774	1,192,151	1,224,623
Parks and recreation	1,600	1,600	2,100	(500)
Capital outlay	1,021,136	15,488,597	4,764,294	10,724,303
Bond issuance cost	-	-	34,485	(34,485)
Total expenditures	<u>7,001,622</u>	<u>25,877,367</u>	<u>12,038,944</u>	<u>13,838,423</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,404,727</u>	<u>(14,622,250)</u>	<u>(1,519,373)</u>	<u>13,102,877</u>
<b>Other Financing Sources (Uses):</b>				
Issuance of debt	-	-	9,500,000	9,500,000
Transfers in	30,729	30,729	13,671	(17,058)
Transfers out	<u>(1,106,940)</u>	<u>(319,882)</u>	<u>(170,100)</u>	<u>149,782</u>
Total other financing sources (uses)	<u>(1,076,211)</u>	<u>(289,153)</u>	<u>(156,429)</u>	<u>132,724</u>
Net change in fund balance	328,516	(14,911,403)	(1,675,802)	13,235,601
Fund balance, beginning of year	<u>676,421</u>	<u>676,421</u>	<u>676,421</u>	<u>-</u>
Fund balance, end of year (budgetary basis)	<u>\$ 1,004,937</u>	<u>\$ (14,234,982)</u>	<u>(999,381)</u>	<u>\$ 13,235,601</u>
Encumbrances outstanding at year end			<u>2,140,550</u>	
Fund balance, end of year (GAAP basis)			<u>\$ 1,141,169</u>	

**CITY OF CHULA VISTA**  
**Redevelopment Agency Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2008**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>				
Taxes	\$ 2,575,428	\$ 2,575,428	\$ 2,758,666	\$ 183,238
Charges for services	63,442	63,442	95,450	32,008
Use of money and property	100,711	100,711	514,700	413,989
Other	653,603	653,603	809,987	156,384
	<u>3,393,184</u>	<u>3,393,184</u>	<u>4,178,803</u>	<u>785,619</u>
<b>Expenditures:</b>				
Current:				
General government	2,195,740	7,841,343	6,523,605	1,317,738
	<u>2,195,740</u>	<u>7,841,343</u>	<u>6,523,605</u>	<u>1,317,738</u>
Excess (deficiency) of revenues over (under) expenditures	1,197,444	(4,448,159)	(2,344,802)	2,103,357
	<u>1,197,444</u>	<u>(4,448,159)</u>	<u>(2,344,802)</u>	<u>2,103,357</u>
<b>Other financing sources (uses):</b>				
Transfers in	2,500	2,500	-	(2,500)
Transfers out	(1,733)	(1,733)	(1,733)	-
	<u>767</u>	<u>767</u>	<u>(1,733)</u>	<u>(2,500)</u>
Total other financing sources (uses)	767	767	(1,733)	(2,500)
	<u>767</u>	<u>767</u>	<u>(1,733)</u>	<u>(2,500)</u>
Net change in fund balance	1,198,211	(4,447,392)	(2,346,535)	2,100,857
	<u>1,198,211</u>	<u>(4,447,392)</u>	<u>(2,346,535)</u>	<u>2,100,857</u>
Fund balance, beginning of year	12,624,621	12,624,621	12,624,621	-
	<u>12,624,621</u>	<u>12,624,621</u>	<u>12,624,621</u>	<u>-</u>
Fund balance, end of year (budgetary basis)	\$ 13,822,832	\$ 8,177,229	10,278,086	\$ 2,100,857
	<u>\$ 13,822,832</u>	<u>\$ 8,177,229</u>	<u>10,278,086</u>	<u>\$ 2,100,857</u>
Encumbrances outstanding at year end			101,539	
			<u>101,539</u>	
Fund balance, end of year (GAAP basis)			\$ 10,379,625	
			<u>\$ 10,379,625</u>	

**CITY OF CHULA VISTA**  
**Note to Required Supplementary Information**  
**June 30, 2008**

**(1) BUDGET AND BUDGETARY ACCOUNTING**

An annual budget is adopted by the City Council prior to the first day of the fiscal year. The budget process includes submittal of each department's budget request for the next fiscal year, a detailed review of each department's proposed budget by the City Manager and a final City Manager recommended budget that is transmitted to the City Council for its review before the required date of adoption. A public hearing is held to give the public the opportunity to comment upon the proposed budget. Notice of such public hearing is given in a newspaper of general circulation.

The adoption of the budget is accomplished by the approval of a Budget Resolution. The legal level of budgetary control is at the department level. Any budget modification, which would result in an appropriation increase, requires City Council approval. The City Manager and Finance Director are jointly authorized to transfer appropriations up to \$15,000 within a departmental budget. Any appropriation transfers between departments or greater than \$15,000 require City Council approval.

Reported budget figures are as originally adopted or subsequently amended plus prior year continuing appropriations. All appropriations which are not obligated, encumbered, or expended at the end of the fiscal year lapse and become part of the unreserved fund balance which may be appropriated for the next fiscal year.

An annual budget for the year ended June 30, 2008 was adopted and approved by the City Council for the general, special revenue, and debt service funds. These budgets are prepared on the modified accrual basis of accounting except that encumbrances outstanding at year-end are considered as expenditures. The budget of the capital projects funds are primarily long-term budgets, which emphasize major programs and capital outlay plans extending over a number of years. Because of the long-term nature of these projects, annual budget comparisons are not considered meaningful, and accordingly, no budgetary information for capital projects funds is included in the accompanying basic financial statements.



## **SUPPLEMENTARY INFORMATION**

**CITY OF CHULA VISTA**  
**Redevelopment Agency Debt Service Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2008**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Taxes	\$ 3,226,110	\$ 3,318,078	\$ 91,968
Use of money and property	74,000	269,203	195,203
Other		7,664	7,664
	<hr/>	<hr/>	<hr/>
Total revenues	3,300,110	3,594,945	294,835
	<hr/>	<hr/>	<hr/>
<b>Expenditures:</b>			
Current:			
General government	14,000	10,790	3,210
Debt service:			
Principal	1,240,000	1,240,000	-
Interest and fiscal charges	3,451,112	3,437,806	13,306
	<hr/>	<hr/>	<hr/>
Total expenditures	4,705,112	4,688,596	16,516
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(1,405,002)	(1,093,651)	311,351
	<hr/>	<hr/>	<hr/>
<b>Other financing sources (uses):</b>			
Transfers in	884,375	1,492,586	608,211
Transfers out	(884,375)	-	884,375
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	1,492,586	1,492,586
	<hr/>	<hr/>	<hr/>
Net change in fund balance	(1,405,002)	398,935	1,803,937
	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	(29,726,551)	(29,726,551)	-
	<hr/>	<hr/>	<hr/>
Fund balance, end of year	<u>\$ (31,131,553)</u>	<u>\$ (29,327,616)</u>	<u>\$ 1,803,937</u>

**CITY OF CHULA VISTA**  
**City Debt Service Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2008**

	<u><b>Final Budget</b></u>	<u><b>Actual</b></u>	<u><b>Variance Positive (Negative)</b></u>
<b>Expenditures:</b>			
Debt service:			
Interest and fiscal charges	\$ 780,750	\$ 634,012	\$ 146,738
<b>Other financing sources (uses):</b>			
Transfers in	1,412,442	1,142,538	(269,904)
Transfers out	(1,388,987)	-	1,388,987
 Total other financing sources (uses)	 23,455	 1,142,538	 1,119,083
 Net change in fund balance	 (757,295)	 508,526	 1,265,821
 Fund balance, beginning of year	 (14,677,727)	 (14,677,727)	 -
 Fund balance, end of year	 <u>\$ (15,435,022)</u>	 <u>\$ (14,169,201)</u>	 <u>\$ 1,265,821</u>

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## **NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS**

### **NONMAJOR SPECIAL REVENUE FUNDS**

Transportation Grants - This fund is used to account for revenues and expenditures received from the State under Street and Highway Code Sections 2106, 2107 and 2107.5. The allocations must be spent for street maintenance or construction and a limited amount for engineering.

Parking Meter – This fund accounts for revenues from on/off street parking and issued parking citations within the parking district. The funds derived must be expended for a purpose substantiated connected with the problem of traffic regulation and control in the parking district.

Traffic Safety – This fund is a depository for all monies derived from vehicle code fines (excluding parking violations). The fines are collected through the County court system and remitted to the City monthly. These monies may be expended only for traffic control devices and equipment and maintenance thereof or for the maintenance, improvement or construction of public streets.

Town Centre I – This fund is used to account for revenues from an in lieu parking fee. The in lieu parking fee applies to any developer of a new commercial building or addition to an existing commercial building within the Downtown Parking district. Use of monies in this fund is restricted for the purchase or development of parking sites.

Developer Deposits – This fund is used to account for revenues received from various developers for development projects and is used to fund City staff costs, and other costs related to specific projects.

Open Space Districts – This fund is a depository for all monies received for all flat rate property tax assessments levied against benefiting property owners for the maintenance of open space areas.

Housing Programs – This fund is for federal housing rehabilitation monies held in trust by Bank of America for issuance of housing rehab loans to qualified low and moderate income recipients.

Traffic Signals – This fund accounts for fees from developers for all new traffic signal construction.

Transportation Sales Tax – This fund was established for the receipt and disbursement of all transportation sales tax revenues for the City.

Storm Drain – This fund is a depository for all monies collected from the monthly storm drain service charge. Monies in this fund may be used for storm drain purposes.

## **NONMAJOR DEBT SERVICE FUNDS**

Public Financing Authority - This fund is used to account for financing the acquisition of bonds, notes and other obligations of, or for the purpose of making loans to the City and / or to refinance outstanding obligations of the City.

1994 POB - This fund receives payments from the City for payment of principal and interest due on 1994 taxable pension obligation bonds.

Notes Payable - This fund is used for the payment of principal and interest on various notes payable.

SD Regional Comm System – This fund is used to account for the City’s portion of the infrastructure and financing costs of the San Diego County regional communications systems (RCS).

## **NONMAJOR CAPITAL PROJECTS FUNDS**

Residential Construction Tax - This fund is a depository for fees levied for the construction, replacement or conversion of all dwelling units within the City including hotels and motels.

Highway Safety – This fund is a depository for the revenues received from State per Proposition 1B. Funds must be spent for transportation projects to relieve congestion, improve the movement of goods, improve air quality and security of the transportation system.

Bicycle Facility - This fund was established as a depository for local Transportation Development Act funds (Article 3.0) received from the County for the purpose of bicycle related programs.

Industrial Development Authority - This fund was established to account for staff costs in assisting in the issuance of industrial development bonds. A fee of 1/8 of 1% is charged to reimburse costs incurred.

Redevelopment Capital Projects – This fund was established to account for capital improvement projects related to various redevelopment areas.

Assessment District Improvement - This fund was established as a depository for monies received from issuance of bonds for various assessment districts. The monies are used to finance the construction of public works improvements in the related districts.

Capital Improvement Program – This fund was established to set aside monies for capital improvement projects. This fund does not generate revenues from any source except by transfer from other funds and interest earned on monies in the fund. Monies transferred to the fund are expended for budgeted capital improvement projects and monies remaining after completion of a project are transferred back to the fund from which the project was originally financed.

Transportation Partnership – This fund is a depository for the revenues received from the State and Local Transportation Partnership Program. Funds must be spent for street purposes.

## **NONMAJOR CAPITAL PROJECTS FUNDS (Continued)**

Other Transportation Program – This fund is a depository for the revenues received from the Federal Highway Safety Improvement Program. Funds must be spent for street, public highway bridges and other regional surface transportation programs.

Transportation Equity Act – This fund was established to account for reimbursable capital improvement program such as highway safety, transit, and other surface transportation programs from FY98 through FY 2003 as required by PL 105-178.

Traffic Congestion Relief – This fund is a depository for the revenues received from the Traffic Congestion Relief Fund as required by AB2928. The monies must be spent for street or road maintenance or reconstruction.

**CITY OF CHULA VISTA**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2008**

	<b>Special Revenue Funds</b>			
	<b>Transportation Grants</b>	<b>Parking Meter</b>	<b>Traffic Safety</b>	<b>Town Centre I</b>
<b>Assets:</b>				
Cash and investments	\$ 424,599	\$ 158,086	\$ 770,457	\$ 45,851
Receivables:				
Accounts	-	-	-	-
Taxes	1,333,525	-	-	-
Interest	5,443	1,584	4,641	317
Loans	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	84,976	-
Advances to other funds	-	-	-	-
Inventory and prepaid items	-	-	-	-
Restricted cash and investments:				
Held by City	-	-	-	-
Held by fiscal agent	-	-	-	-
Land held for resale	-	-	-	-
Total assets	<u>\$ 1,763,567</u>	<u>\$ 159,670</u>	<u>\$ 860,074</u>	<u>\$ 46,168</u>
<b>Liabilities and fund balances:</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 6,788	\$ 41,171	\$ -
Due to other funds	1,314,523	-	-	-
Retention payable	-	-	-	-
Developer deposits	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	<u>1,314,523</u>	<u>6,788</u>	<u>41,171</u>	<u>-</u>
Fund balances:				
Reserved for:				
Encumbrances	-	-	264,355	-
Loans receivables and advances	-	-	-	-
Land held for resale	-	-	-	-
Debt service	-	-	-	-
Total reserved	<u>-</u>	<u>-</u>	<u>264,355.00</u>	<u>-</u>
Unreserved:				
Designated for:				
Contingency	31,994	106,028	-	-
Capital projects	-	-	-	-
Undesignated:				
Special revenue	417,050	46,854	554,548	46,168
Capital projects	-	-	-	-
Total fund balances	<u>449,044</u>	<u>152,882</u>	<u>818,903</u>	<u>46,168</u>
Total liabilities and fund balances	<u>\$ 1,763,567</u>	<u>\$ 159,670</u>	<u>\$ 860,074</u>	<u>\$ 46,168</u>



**Special Revenue Funds**

<b>Developer Deposits</b>	<b>Open Space Districts</b>	<b>Housing Programs</b>	<b>Traffic Signals</b>	<b>Transportation Sales Tax</b>
\$ 11,249,929	\$ 12,342,254	\$ -	\$ 2,897,555	\$ 18,122,757
-	-	-	-	-
-	57,505	-	-	-
-	95,044	-	35,117	149,677
-	-	238,012	-	-
-	-	-	1,314,523	-
-	-	-	-	-
-	-	-	-	-
-	-	370,184	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 11,249,929</u>	<u>\$ 12,494,803</u>	<u>\$ 608,196</u>	<u>\$ 4,247,195</u>	<u>\$ 18,272,434</u>
\$ 601,743	\$ 1,115,844	\$ 13,300	\$ -	\$ 1,437,722
-	-	-	-	-
-	-	-	329	499,170
10,648,186	-	-	-	-
-	-	72	-	-
<u>11,249,929</u>	<u>1,115,844</u>	<u>13,372</u>	<u>329</u>	<u>1,936,892</u>
-	70,197	4,760	203,288	1,097,262
-	-	237,940	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>70,197</u>	<u>242,700</u>	<u>203,288</u>	<u>1,097,262</u>
-	-	-	-	-
-	657,016	-	-	-
-	10,651,746	352,124	4,043,578	15,238,280
-	-	-	-	-
<u>-</u>	<u>11,378,959</u>	<u>594,824</u>	<u>4,246,866</u>	<u>16,335,542</u>
<u>\$ 11,249,929</u>	<u>\$ 12,494,803</u>	<u>\$ 608,196</u>	<u>\$ 4,247,195</u>	<u>\$ 18,272,434</u>

**CITY OF CHULA VISTA**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds (Continued)**  
**June 30, 2008**

	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>		
	<b>Storm Drain</b>	<b>Public Financing Authority</b>	<b>1994 POB</b>	<b>Notes Payable</b>
<b>Assets:</b>				
Cash and investments	\$ 793	\$ 1,340,515	\$ 3,068	\$ 2
Receivables:				
Accounts	86,913	-	-	-
Taxes	341	-	-	-
Interest	242	2,777	-	-
Loans	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
Advances to other funds	-	-	-	-
Inventory and prepaid items	-	-	-	-
Restricted cash and investments:				
Held by City	-	-	-	-
Held by fiscal agent	-	9,134,610	-	-
Land held for resale	-	-	-	-
Total assets	<u>\$ 88,289</u>	<u>\$ 10,477,902</u>	<u>\$ 3,068</u>	<u>\$ 2</u>
<b>Liabilities and fund balances:</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 790	\$ -	\$ -	\$ -
Due to other funds	-	1,090	-	-
Retention payable	-	-	-	-
Developer deposits	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	<u>790</u>	<u>1,090</u>	<u>-</u>	<u>-</u>
Fund balances:				
Reserved for:				
Encumbrances	-	-	-	-
Loans receivables and advances	-	-	-	-
Land held for resale	-	-	-	-
Debt service	-	10,476,812	3,068	2
Total reserved	<u>-</u>	<u>10,476,812</u>	<u>3,068</u>	<u>2</u>
Unreserved:				
Designated for:				
Contingency	-	-	-	-
Capital projects	-	-	-	-
Undesignated:				
Special revenue	87,499	-	-	-
Capital projects	-	-	-	-
Total fund balances	<u>87,499</u>	<u>10,476,812</u>	<u>3,068</u>	<u>2</u>
Total liabilities and fund balances	<u>\$ 88,289</u>	<u>\$ 10,477,902</u>	<u>\$ 3,068</u>	<u>\$ 2</u>

Debt Service Funds	Capital Projects			
	Residential Construction Tax	Highway Safety	Bicycle Facility	Industrial Development Authority
SD Regional Comm. System				
\$ 174	\$ 1,844,187	\$ 3,685,875	\$ 199,525	\$ 9,880
-	-	-	-	-
-	-	-	-	-
-	20,504	4,082	1,547	74
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 174</u>	<u>\$ 1,864,691</u>	<u>\$ 3,689,957</u>	<u>\$ 201,072</u>	<u>\$ 9,954</u>
\$ -	\$ 4,096	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	201,072	-
<u>-</u>	<u>4,096</u>	<u>-</u>	<u>201,072</u>	<u>-</u>
-	756,170	-	-	-
-	-	-	-	-
-	-	-	-	-
174	-	-	-	-
<u>174</u>	<u>756,170</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	202,555	-	-	-
-	901,870	3,689,957	-	9,954
-	-	-	-	-
-	-	-	-	-
<u>174</u>	<u>1,860,595</u>	<u>3,689,957</u>	<u>-</u>	<u>9,954</u>
<u>\$ 174</u>	<u>\$ 1,864,691</u>	<u>\$ 3,689,957</u>	<u>\$ 201,072</u>	<u>\$ 9,954</u>

(Continued)

**CITY OF CHULA VISTA**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds (Continued)**  
**June 30, 2008**

	<b>Capital Projects Funds</b>			
	<b>Redevelopment Capital Projects</b>	<b>Assessment District Improvement</b>	<b>Capital Improvement Program</b>	<b>Transportation Partnership</b>
<b>Assets:</b>				
Cash and investments	\$ 4,977,396	\$ 2,363,018	\$ -	\$ 52,379
Receivables:				
Accounts	-	-	-	-
Taxes	252,382	295	-	-
Interest	28,295	18,025	-	466
Loans	-	-	-	-
Due from other funds	597,957	-	-	-
Due from other governments	246,758	-	-	-
Advances to other funds	4,493,789	-	-	-
Inventory and prepaid items	1,816	-	-	-
Restricted cash and investments:				
Held by City	-	-	-	-
Held by fiscal agent	3,235,105	-	1,797,996	-
Land held for resale	2,260,925	-	-	-
Total assets	<u>\$ 16,094,423</u>	<u>\$ 2,381,338</u>	<u>\$ 1,797,996</u>	<u>\$ 52,845</u>
<b>Liabilities and fund balances:</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 5,108,568	\$ 1,696	\$ -	\$ -
Due to other funds	597,957	-	-	-
Retention payable	-	-	-	-
Developer deposits	-	-	-	-
Deferred revenue	1,081,034	-	-	-
Total liabilities	<u>6,787,559</u>	<u>1,696</u>	<u>-</u>	<u>-</u>
Fund balances:				
Reserved for:				
Encumbrances	554,999	6,084	-	-
Loans receivables and advances	3,616,388	-	-	-
Land held for resale	2,260,925	-	-	-
Debt service	-	-	-	-
Total reserved	<u>6,432,312</u>	<u>6,084</u>	<u>-</u>	<u>-</u>
Unreserved:				
Designated for:				
Contingency	-	-	-	-
Capital projects	2,874,552	2,373,558	1,797,996	52,845
Undesignated:				
Special revenue	-	-	-	-
Capital projects	-	-	-	-
Total fund balances	<u>9,306,864</u>	<u>2,379,642</u>	<u>1,797,996</u>	<u>52,845</u>
Total liabilities and fund balances	<u>\$ 16,094,423</u>	<u>\$ 2,381,338</u>	<u>\$ 1,797,996</u>	<u>\$ 52,845</u>

<b>Other Transportation Program</b>	<b>Capital Projects</b>		<b>Total Other Governmental Funds</b>
	<b>Transportation Equity Act</b>	<b>Traffic Congestion Relief</b>	
\$ 1,263,401	\$ -	\$ -	\$ 61,751,701
-	-	-	86,913
-	-	-	1,644,048
12,395	-	-	380,230
-	-	-	238,012
24,672	-	-	1,937,152
61,054	24,672	-	417,460
-	-	-	4,493,789
-	-	-	1,816
-	-	-	370,184
-	-	-	14,167,711
-	-	-	2,260,925
<u>\$ 1,361,522</u>	<u>\$ 24,672</u>	<u>\$ -</u>	<u>\$ 87,749,941</u>
\$ 39,289	\$ -	\$ -	\$ 8,371,007
-	24,672	-	1,938,242
-	-	-	499,499
-	-	-	10,648,186
-	-	-	1,282,178
<u>39,289</u>	<u>24,672</u>	<u>-</u>	<u>22,739,112</u>
232,779	-	-	3,189,894
-	-	-	3,854,328
-	-	-	2,260,925
-	-	-	10,480,056
<u>232,779</u>	<u>-</u>	<u>-</u>	<u>19,785,203</u>
-	-	-	340,577
-	-	-	12,357,748
-	-	-	31,437,847
1,089,454	-	-	1,089,454
<u>1,322,233</u>	<u>-</u>	<u>-</u>	<u>65,010,829</u>
<u>\$ 1,361,522</u>	<u>\$ 24,672</u>	<u>\$ -</u>	<u>\$ 87,749,941</u>

**CITY OF CHULA VISTA**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2008**

	<b>Special Revenue Funds</b>			
	<b>Transportation Grants</b>	<b>Parking Meter</b>	<b>Traffic Safety</b>	<b>Town Center I</b>
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	4,036,861	-	-	-
Licenses and permits	-	23,209	-	-
Developer fees	-	-	-	-
Charges for services	-	-	-	16,160
Fines and forfeitures	-	73,339	1,056,790	-
Use of money and property	386	247,790	30,572	1,872
Other	1,351	-	-	-
Total revenues	<u>4,038,598</u>	<u>344,338</u>	<u>1,087,362</u>	<u>18,032</u>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	330,810	63,259	-
Public works	-	-	-	-
Parks and recreation	-	-	-	-
Library	-	-	-	-
Capital outlay	120,457	-	-	169
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Bond issuance cost	-	-	-	-
Total expenditures	<u>120,457</u>	<u>330,810</u>	<u>63,259</u>	<u>169</u>
Excess (deficiency) revenues over (under) expenditures	<u>3,918,141</u>	<u>13,528</u>	<u>1,024,103</u>	<u>17,863</u>
<b>Other financing sources (uses):</b>				
Issuance of debt	-	-	-	-
Transfers in	-	-	-	-
Transfer out	(3,840,359)	(1,358)	(534,144)	-
Total other financing sources (uses)	<u>(3,840,359)</u>	<u>(1,358)</u>	<u>(534,144)</u>	<u>-</u>
Net change in fund balances	<u>77,782</u>	<u>12,170</u>	<u>489,959</u>	<u>17,863</u>
Fund balances, beginning of year, as restated	<u>371,262</u>	<u>140,712</u>	<u>328,944</u>	<u>28,305</u>
Fund balances, end of year	<u>\$ 449,044</u>	<u>\$ 152,882</u>	<u>\$ 818,903</u>	<u>\$ 46,168</u>

**Special Revenue Funds**

<b>Developer Deposits</b>	<b>Open Space Districts</b>	<b>Housing Programs</b>	<b>Traffic Signals</b>	<b>Transportation Sales Tax</b>
\$ -	\$ -	\$ -	\$ -	\$ 9,171,000
-	-	-	238,500	-
-	-	-	-	-
12,244,884	-	-	-	-
-	-	-	499,457	-
-	-	-	-	-
249,790	552,997	985	197,634	884,483
-	7,571,090	25	-	-
<u>12,494,674</u>	<u>8,124,087</u>	<u>1,010</u>	<u>935,591</u>	<u>10,055,483</u>
-	-	-	-	-
-	-	-	-	-
12,494,674	7,668,076	-	50,629	-
-	-	-	-	-
-	-	-	-	-
-	-	-	470,660	8,900,277
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>12,494,674</u>	<u>7,668,076</u>	<u>-</u>	<u>521,289</u>	<u>8,900,277</u>
-	456,011	1,010	414,302	1,155,206
-	-	-	-	-
-	-	-	-	-
-	-	-	(5,077)	-
-	-	-	(5,077)	-
-	456,011	1,010	409,225	1,155,206
-	10,922,948	593,814	3,837,641	15,180,336
<u>\$ -</u>	<u>\$ 11,378,959</u>	<u>\$ 594,824</u>	<u>\$ 4,246,866</u>	<u>\$ 16,335,542</u>

**CITY OF CHULA VISTA**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds (Continued)**  
**For the Year Ended June 30, 2008**

	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>		
	<b>Storm Drain</b>	<b>Public Financing Authority</b>	<b>1994 POB</b>	<b>Notes Payable</b>
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and permits	47,303	-	-	-
Developer fees	-	-	-	-
Charges for services	570,070	-	-	-
Fines and forfeitures	21,700	-	-	-
Use of money and property	1,268	579,478	-	-
Other	-	-	-	-
Total revenues	<u>640,341</u>	<u>579,478</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
General government	-	10,405	2,475	-
Public safety	-	8,246	-	-
Public works	285,193	-	-	-
Parks and recreation	-	-	-	-
Library	-	-	-	-
Capital outlay	82,202	-	-	-
Debt service:				
Principal	-	4,800,000	1,595,000	25,570
Interest and fiscal charges	-	7,125,587	774,280	19,781
Bond issuance cost	-	-	-	-
Total expenditures	<u>367,395</u>	<u>11,944,238</u>	<u>2,371,755</u>	<u>45,351</u>
Excess (deficiency) revenues over (under) expenditures	<u>272,946</u>	<u>(11,364,760)</u>	<u>(2,371,755)</u>	<u>(45,351)</u>
<b>Other financing sources (uses):</b>				
Issuance of debt	-	-	-	-
Transfers in	-	9,904,895	2,371,725	45,351
Transfer out	<u>(269,801)</u>	<u>(1,102,129)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(269,801)</u>	<u>8,802,766</u>	<u>2,371,725</u>	<u>45,351</u>
Net change in fund balances	3,145	(2,561,994)	(30)	-
Fund balances, beginning of year, as restated	84,354	13,038,806	3,098	2
Fund balances, end of year	<u>\$ 87,499</u>	<u>\$ 10,476,812</u>	<u>\$ 3,068</u>	<u>\$ 2</u>



<b>Debt Service Funds</b>	<b>Capital Projects Funds</b>			
<b>SD Regional Comm. System</b>	<b>Residential Construction Tax</b>	<b>Highway Safety</b>	<b>Bicycle Facility</b>	<b>Industrial Development Authority</b>
\$ -	\$ 151,325	\$ -	\$ -	\$ -
-	-	3,662,769	42,430	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
8	103,029	28,289	8,496	470
-	-	-	-	-
8	254,354	3,691,058	50,926	470
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	657,736	1,101	50,926	-
201,287	-	-	-	-
94,447	-	-	-	-
-	-	-	-	-
295,734	657,736	1,101	50,926	-
(295,726)	(403,382)	3,689,957	-	470
-	-	-	-	-
295,734	-	-	-	-
-	(718,405)	-	-	-
295,734	(718,405)	-	-	-
8	(1,121,787)	3,689,957	-	470
166	2,982,382	-	-	9,484
\$ 174	\$ 1,860,595	\$ 3,689,957	\$ -	\$ 9,954

(Continued)

**CITY OF CHULA VISTA**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds (Continued)**  
**For the Year Ended June 30, 2008**

	<b>Capital Projects Funds</b>			
	<b>Redevelopment Capital Projects</b>	<b>Assessment District Improvement</b>	<b>Capital Improvement Program</b>	<b>Transportation Partnership</b>
<b>Revenues:</b>				
Taxes	\$ 7,716,585	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and permits	-	-	-	-
Developer fees	-	-	-	-
Charges for services	27,542	-	-	-
Fines and forfeitures	-	-	-	-
Use of money and property	381,522	103,734	123,485	612
Other	764,630	28,873	-	-
Total revenues	<u>8,890,279</u>	<u>132,607</u>	<u>123,485</u>	<u>612</u>
<b>Expenditures:</b>				
Current:				
General government	6,689,189	-	1,019,145	-
Public safety	-	-	-	-
Public works	-	-	-	-
Parks and recreation	-	16,419	-	-
Library	-	-	-	-
Capital outlay	104,419	-	3,797,366	3,883
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Bond issuance cost	-	-	-	-
Total expenditures	<u>6,793,608</u>	<u>16,419</u>	<u>4,816,511</u>	<u>3,883</u>
Excess (deficiency) revenues over (under) expenditures	<u>2,096,671</u>	<u>116,188</u>	<u>(4,693,026)</u>	<u>(3,271)</u>
<b>Other financing sources (uses):</b>				
Issuance of debt	-	-	-	-
Transfers in	-	-	1,102,129	-
Transfer out	(2,554,978)	(8,937)	-	(1,027)
Total other financing sources (uses)	<u>(2,554,978)</u>	<u>(8,937)</u>	<u>1,102,129</u>	<u>(1,027)</u>
Net change in fund balances	<u>(458,307)</u>	<u>107,251</u>	<u>(3,590,897)</u>	<u>(4,298)</u>
Fund balances, beginning of year, as restated	<u>9,765,171</u>	<u>2,272,391</u>	<u>5,388,893</u>	<u>57,143</u>
Fund balances, end of year	<u>\$ 9,306,864</u>	<u>\$ 2,379,642</u>	<u>\$ 1,797,996</u>	<u>\$ 52,845</u>

<b>Capital Projects</b>			
<b>Other Transportation Program</b>	<b>Transportation Equity Act</b>	<b>Traffic Congestion Relief</b>	<b>Total Other Governmental Funds</b>
\$ -	\$ -	\$ -	\$ 17,038,910
205,143	-	384,965	8,570,668
-	-	-	70,512
-	-	-	12,244,884
-	-	-	1,113,229
-	-	-	1,151,829
73,007	-	5,219	3,575,126
-	-	-	8,365,969
<u>278,150</u>	<u>-</u>	<u>390,184</u>	<u>52,131,127</u>
-	-	-	7,721,214
-	-	-	402,315
-	-	-	20,498,572
-	-	-	16,419
-	-	-	-
256,315	-	94,364	14,539,875
-	-	-	6,621,857
-	-	-	8,014,095
-	-	-	-
<u>256,315</u>	<u>-</u>	<u>94,364</u>	<u>57,814,347</u>
<u>21,835</u>	<u>-</u>	<u>295,820</u>	<u>(5,683,220)</u>
-	-	-	-
-	-	-	13,719,834
-	-	(428,699)	(9,464,914)
-	-	(428,699)	4,254,920
21,835	-	(132,879)	(1,428,300)
1,300,398	-	132,879	66,439,129
<u>\$ 1,322,233</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,010,829</u>

**CITY OF CHULA VISTA**  
**Transportation Grants Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2008**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Intergovernmental	\$ 4,231,271	\$ 4,036,861	\$ (194,410)
Use of money and property	37,787	386	(37,401)
Other	-	1,351	1,351
	<hr/>	<hr/>	<hr/>
Total revenues	4,269,058	4,038,598	(230,460)
	<hr/>	<hr/>	<hr/>
<b>Expenditures:</b>			
Capital outlay	395,646	120,457	275,189
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	3,873,412	3,918,141	44,729
	<hr/>	<hr/>	<hr/>
<b>Other financing sources (uses):</b>			
Transfers out	(4,269,058)	(3,840,359)	428,699
	<hr/>	<hr/>	<hr/>
Net change in fund balance	(395,646)	77,782	473,428
	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	371,262	371,262	-
	<hr/>	<hr/>	<hr/>
Fund balance, end of year	\$ (24,384)	\$ 449,044	\$ 473,428
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**CITY OF CHULA VISTA**  
**Parking Meter Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2008**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Licenses and permits	\$ 30,500	\$ 23,209	\$ (7,291)
Fines and forfeitures	79,683	73,339	(6,344)
Use of money and property	254,460	247,790	(6,670)
	<u>364,643</u>	<u>344,338</u>	<u>(20,305)</u>
<b>Expenditures:</b>			
Current:			
Public safety	363,199	330,810	32,389
	<u>1,444</u>	<u>13,528</u>	<u>12,084</u>
Excess (deficiency) of revenues over (under) expenditures			
	<u>1,444</u>	<u>13,528</u>	<u>12,084</u>
<b>Other financing sources (uses):</b>			
Transfers out	(1,358)	(1,358)	-
	<u>86</u>	<u>12,170</u>	<u>12,084</u>
Net change in fund balance			
	<u>140,712</u>	<u>140,712</u>	<u>-</u>
Fund balance, beginning of year			
	<u>140,712</u>	<u>140,712</u>	<u>-</u>
Fund balance, end of year	<u>\$ 140,798</u>	<u>\$ 152,882</u>	<u>\$ 12,084</u>

**CITY OF CHULA VISTA**  
**Traffic Safety Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2008**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Fines and forfeitures	\$ 532,920	\$ 1,056,790	\$ 523,870
Use of money and property	1,224	30,572	29,348
	<u>534,144</u>	<u>1,087,362</u>	<u>553,218</u>
<b>Expenditures:</b>			
Current:			
Public safety	325,000	327,614	(2,614)
	<u>209,144</u>	<u>759,748</u>	<u>550,604</u>
Excess (deficiency) of revenues over (under) expenditures			
	<u>209,144</u>	<u>759,748</u>	<u>550,604</u>
<b>Other financing sources (uses):</b>			
Transfers out	(534,144)	(534,144)	-
	<u>(325,000)</u>	<u>225,604</u>	<u>550,604</u>
Net change in fund balance			
	<u>328,944</u>	<u>328,944</u>	<u>-</u>
Fund balance, beginning of year	<u>328,944</u>	<u>328,944</u>	<u>-</u>
Fund balance, end of year (budgetary basis)	<u>\$ 3,944</u>	<u>\$ 554,548</u>	<u>\$ 550,604</u>
Encumbrance outstanding at year end		<u>264,355</u>	
Fund balance, end of year (GAAP basis)		<u>\$ 818,903</u>	

**CITY OF CHULA VISTA**  
**Town Centre I Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2008**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Charges for services	\$ -	16,160	\$ 16,160
Use of money and property	806	\$ 1,872	1,066
	<u>806</u>	<u>18,032</u>	<u>17,226</u>
Total revenues	<u>806</u>	<u>18,032</u>	<u>17,226</u>
<b>Expenditures:</b>			
Capital outlay	10,288	169	10,119
	<u>10,288</u>	<u>169</u>	<u>10,119</u>
Net change in fund balance	(9,482)	17,863	27,345
Fund balance, beginning of year	28,305	28,305	-
	<u>28,305</u>	<u>28,305</u>	<u>-</u>
Fund balance, end of year	<u>\$ 18,823</u>	<u>\$ 46,168</u>	<u>\$ 27,345</u>

**CITY OF CHULA VISTA**  
**Open Space Districts Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2008**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Use of money and property	\$           -	\$       552,997	\$       552,997
Other	<u>10,155,500</u>	<u>7,571,090</u>	<u>(2,584,410)</u>
Total revenues	<u>10,155,500</u>	<u>8,124,087</u>	<u>(2,031,413)</u>
<b>Expenditures:</b>			
Current:			
Public works	<u>10,155,599</u>	<u>7,738,273</u>	<u>2,417,326</u>
Net change in fund balance	(99)	385,814	385,913
Fund balance, beginning of year	<u>10,922,948</u>	<u>10,922,948</u>	<u>-</u>
Fund balance, end of year (budgetary basis)	<u><u>\$   10,922,849</u></u>	11,308,762	<u><u>\$       385,913</u></u>
Encumbrances outstanding at year end		<u>70,197</u>	
Fund balance, end of year (GAAP basis)		<u><u>\$   11,378,959</u></u>	



**CITY OF CHULA VISTA**  
**Housing Programs Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2008**

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Use of money and property	\$ 500	\$ 985	\$ 485
Other	-	25	25
	<u>500</u>	<u>1,010</u>	<u>510</u>
<b>Expenditures:</b>			
Current:			
General government	426,609	4,760	421,849
	<u>426,609</u>	<u>4,760</u>	<u>421,849</u>
Excess (deficiency) of revenues over (under) expenditures	(426,109)	(3,750)	422,359
	<u>(426,109)</u>	<u>(3,750)</u>	<u>422,359</u>
<b>Other financing sources (uses):</b>			
Transfers out	(2,500)	-	2,500
	<u>(2,500)</u>	<u>-</u>	<u>2,500</u>
Net change in fund balance	(428,609)	(3,750)	424,859
Fund balance, beginning of year	593,814	593,814	-
	<u>593,814</u>	<u>593,814</u>	<u>-</u>
Fund balance, end of year	\$ 165,205	590,064	\$ 424,859
	<u>\$ 165,205</u>	<u>590,064</u>	<u>\$ 424,859</u>
Encumbrance outstanding at year end		4,760	
		<u>4,760</u>	
Fund balance, end of year (GAAP basis)		\$ 594,824	
		<u>\$ 594,824</u>	

**CITY OF CHULA VISTA**  
**Traffic Signals Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2008**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Intergovernmental	\$ -	\$ 238,500	\$ 238,500
Charges for services	733,989	499,457	(234,532)
Use of money and property	72,425	197,634	125,209
	<u>806,414</u>	<u>935,591</u>	<u>129,177</u>
<b>Expenditures:</b>			
Current:			
Public works	64,913	50,629	14,284
Capital outlay	4,346,046	673,948	3,672,098
	<u>4,410,959</u>	<u>724,577</u>	<u>3,686,382</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,604,545)</u>	<u>211,014</u>	<u>3,815,559</u>
<b>Other financing sources (uses):</b>			
Transfers out	<u>(5,077)</u>	<u>(5,077)</u>	<u>-</u>
Net change in fund balance	(3,609,622)	205,937	3,815,559
Fund balance, beginning of year	<u>3,837,641</u>	<u>3,837,641</u>	<u>-</u>
Fund balance, end of year (budgetary basis)	<u>\$ 228,019</u>	4,043,578	<u>\$ 3,815,559</u>
Encumbrances outstanding at year end		<u>203,288</u>	
Fund balance, end of year (GAAP basis)		<u>\$ 4,246,866</u>	

**CITY OF CHULA VISTA**  
**Transportation Sales Tax Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2008**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Taxes	\$ 5,583,000	\$ 9,171,000	\$ 3,588,000
Use of money and property	291,155	884,483	593,328
	<u>5,874,155</u>	<u>10,055,483</u>	<u>4,181,328</u>
Total revenues			
	<u>5,874,155</u>	<u>10,055,483</u>	<u>4,181,328</u>
<b>Expenditures:</b>			
Current:			
Capital outlay	23,630,946	9,997,539	13,633,407
	<u>23,630,946</u>	<u>9,997,539</u>	<u>13,633,407</u>
Net change in fund balance	(17,756,791)	57,944	17,814,735
	<u>(17,756,791)</u>	<u>57,944</u>	<u>17,814,735</u>
Fund balance, beginning of year	15,180,336	15,180,336	-
	<u>15,180,336</u>	<u>15,180,336</u>	<u>-</u>
Fund balance, end of year (budgetary basis)	\$ (2,576,455)	15,238,280	\$ 17,814,735
	<u>\$ (2,576,455)</u>	<u>15,238,280</u>	<u>\$ 17,814,735</u>
Encumbrances outstanding at year end		1,097,262	
		<u>1,097,262</u>	
Fund balance, end of year (GAAP basis)		\$ 16,335,542	
		<u>\$ 16,335,542</u>	

**CITY OF CHULA VISTA**  
**Storm Drain Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2008**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Licenses and permits	\$ 277,890	\$ 47,303	\$ (230,587)
Charges for services	519,665	570,070	50,405
Fines and forfeitures	-	21,700	21,700
Use of money and property	-	1,268	1,268
	<u>797,555</u>	<u>640,341</u>	<u>(157,214)</u>
<b>Total revenues</b>			
<b>Expenditures:</b>			
Current:			
Public works	321,354	285,193	36,161
Capital outlay	115,569	82,202	33,367
	<u>436,923</u>	<u>367,395</u>	<u>69,528</u>
<b>Total expenditures</b>			
Excess (deficiency) of revenues over (under) expenditures	<u>360,632</u>	<u>272,946</u>	<u>(87,686)</u>
<b>Other financing sources (uses):</b>			
Transfers out	<u>(539,705)</u>	<u>(269,801)</u>	<u>269,904</u>
<b>Net change in fund balance</b>	<u>(179,073)</u>	<u>3,145</u>	<u>182,218</u>
Fund balance, beginning of year, as restated	<u>84,354</u>	<u>84,354</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ (94,719)</u></u>	<u><u>\$ 87,499</u></u>	<u><u>\$ 182,218</u></u>

**CITY OF CHULA VISTA**  
**Public Financing Authority Debt Service Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2008**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 579,478	\$ 579,478
<b>Expenditures:</b>			
Current:			
General government	18,500	10,405	8,095
Public safety	10,800	8,246	2,554
Debt service:			
Principal	4,800,000	4,800,000	-
Interest	6,195,966	7,125,587	(929,621)
Total expenditures	11,025,266	11,944,238	(918,972)
Excess (deficiency) of revenues over (under) expenditures	(11,025,266)	(11,364,760)	(339,494)
<b>Other financing sources (uses):</b>			
Transfers in	10,272,158	9,904,895	(367,263)
Transfers out	-	(1,102,129)	(1,102,129)
Total other financing sources (uses)	10,272,158	8,802,766	(1,469,392)
Net change in fund balance	(753,108)	(2,561,994)	(1,808,886)
Fund balance, beginning of year	13,058,806	13,038,806	-
Fund balance, end of year	\$ 12,305,698	\$ 10,476,812	\$ (1,808,886)

**CITY OF CHULA VISTA**  
**1994 POB Debt Service Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2008**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Expenditures:</b>			
Current:			
General government	2,500	2,475	25
Debt service:			
Principal	1,595,000	1,595,000	-
Interest	774,280	774,280	-
	<u>2,371,780</u>	<u>2,371,755</u>	<u>25</u>
Total expenditures			
	<u>2,371,780</u>	<u>2,371,755</u>	<u>25</u>
Excess (deficiency) of revenues over (under) expenditures	(2,371,780)	(2,371,755)	25
<b>Other financing sources (uses):</b>			
Transfers in	2,371,780	2,371,725	(55)
	<u>2,371,780</u>	<u>2,371,725</u>	<u>(55)</u>
Net change in fund balance	-	(30)	(30)
Fund balance, beginning of year	3,098	3,098	-
	<u>3,098</u>	<u>3,098</u>	<u>-</u>
Fund balance, end of year	\$ 3,098	\$ 3,068	\$ (30)
	<u>\$ 3,098</u>	<u>\$ 3,068</u>	<u>\$ (30)</u>

**CITY OF CHULA VISTA**  
**Notes Payable Debt Service Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2008**

	<u><b>Final Budget</b></u>	<u><b>Actual</b></u>	<u><b>Variance Positive (Negative)</b></u>
<b>Expenditures:</b>			
Debt service:			
Principal	\$ 25,570	\$ 25,570	\$ -
Interest	<u>19,781</u>	<u>19,781</u>	<u>-</u>
Total expenditures	<u>45,351</u>	<u>45,351</u>	<u>-</u>
<b>Other financing sources (uses):</b>			
Transfers in	<u>45,351</u>	<u>45,351</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balance, beginning of year	<u>2</u>	<u>2</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 2</u></u>	<u><u>\$ 2</u></u>	<u><u>\$ -</u></u>

**CITY OF CHULA VISTA**  
**SD County Regional Communication System Debt Service Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2008**

	<u><b>Final Budget</b></u>	<u><b>Actual</b></u>	<u><b>Variance Positive (Negative)</b></u>
<b>Revenues:</b>			
Use of money and property	\$           -	\$           8	\$           8
<b>Expenditures:</b>			
Debt service:			
Principal	201,287	201,287	-
Interest	94,447	94,447	-
Total expenditures	295,734	295,734	-
Excess (deficiency) of revenues over (under) expenditures	(295,734)	(295,726)	8
<b>Other financing sources (uses):</b>			
Transfers in	376,869	295,734	(81,135)
Net change in fund balance	81,135	8	(81,127)
Fund balance, beginning of year	166	166	-
Fund balance, end of year	<u>\$       81,301</u>	<u>\$       174</u>	<u>\$       (81,127)</u>



## **NONMAJOR ENTERPRISE FUNDS DESCRIPTIONS**

Transit Fund - This fund is used to account for the maintenance and development of the transit related projects.

Bayfront Trolley Stations – This fund is used to account for the maintenance and development of the Bayfront Trolley Station.

Sewer DIFS Funds - This fund is a depository for a portion of the revenue derived from the monthly sewer service charge. Monies in this fund shall be used solely for the purpose of refurbishment and/or replacement of sewerage facilities including related evaluation, engineering and utility modification costs.

**CITY OF CHULA VISTA**  
**Combining Statement of Net Assets**  
**Enterprise Funds**  
**June 30, 2008**

	<b>Transit Fund</b>	<b>Bayfront Trolley Station</b>	<b>Sewer DIFS Fund</b>	<b>Total</b>
<b>Assets:</b>				
Current assets:				
Cash and investments	\$ 3,810,991	\$ 159,975	\$ 8,739,985	\$ 12,710,951
Receivables:				
Interest	31,035	913	80,449	112,397
Other	125,634	-	-	125,634
	<u>3,967,660</u>	<u>160,888</u>	<u>8,820,434</u>	<u>12,948,982</u>
Total current assets				
	<u>3,967,660</u>	<u>160,888</u>	<u>8,820,434</u>	<u>12,948,982</u>
Noncurrent assets:				
Capital assets, net	4,873,955	-	2,280,000	7,153,955
	<u>4,873,955</u>	<u>-</u>	<u>2,280,000</u>	<u>7,153,955</u>
Total assets				
	<u>8,841,615</u>	<u>160,888</u>	<u>11,100,434</u>	<u>20,102,937</u>
<b>Liabilities and net assets:</b>				
Current liabilities:				
Accounts payable				
and accrued liabilities	23,532	1,312	7,511	32,355
Advances from other funds	-	-	3,850,661	3,850,661
Unearned revenue	3,698,640	157,508	-	3,856,148
	<u>3,722,172</u>	<u>158,820</u>	<u>3,858,172</u>	<u>7,739,164</u>
Total current liabilities				
	<u>3,722,172</u>	<u>158,820</u>	<u>3,858,172</u>	<u>7,739,164</u>
Net assets:				
Invested in capital assets	4,873,955	-	2,280,000	7,153,955
Unrestricted	245,488	2,068	4,962,262	5,209,818
	<u>245,488</u>	<u>2,068</u>	<u>4,962,262</u>	<u>5,209,818</u>
Total net assets				
	<u>\$ 5,119,443</u>	<u>\$ 2,068</u>	<u>\$ 7,242,262</u>	<u>\$ 12,363,773</u>

**CITY OF CHULA VISTA**  
**Combining Statement of Revenues, Expenses and Changes in Net Assets**  
**Enterprise Funds**  
**For the Year Ended June 30, 2008**

	<b>Transit Fund</b>	<b>Bayfront Trolley Station</b>	<b>Sewer DIFS Fund</b>	<b>Total</b>
<b>Operating revenues:</b>				
Charges for services	\$ 1,660,821	\$ -	\$ 539,136	\$ 2,199,957
Other	316,059	-	-	316,059
	<hr/>	<hr/>	<hr/>	<hr/>
Total operating revenues	1,976,880	-	539,136	2,516,016
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Operating expenses:</b>				
Operations and administration	7,436,362	98,406	21,770	7,556,538
Maintenance	-	-	121,730	121,730
Depreciation	864,719	-	60,000	924,719
	<hr/>	<hr/>	<hr/>	<hr/>
Total operating expenses	8,301,081	98,406	203,500	8,602,987
	<hr/>	<hr/>	<hr/>	<hr/>
Operating income (loss)	(6,324,201)	(98,406)	335,636	(6,086,971)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Nonoperating revenues (expenses):</b>				
Intergovernmental	5,285,292	93,226	-	5,378,518
Interest income	179,573	5,180	465,133	649,886
Interest expense	-	-	(62,927)	(62,927)
	<hr/>	<hr/>	<hr/>	<hr/>
Total nonoperating revenues	5,464,865	98,406	402,206	5,965,477
	<hr/>	<hr/>	<hr/>	<hr/>
Income (loss) before transfers	(859,336)	-	737,842	(121,494)
	<hr/>	<hr/>	<hr/>	<hr/>
Transfers out	(13,410)	-	(1,000,083)	(1,013,493)
	<hr/>	<hr/>	<hr/>	<hr/>
Changes in net assets	(872,746)	-	(262,241)	(1,134,987)
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets, beginning of year, as restated	5,992,189	2,068	7,504,503	13,498,760
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets, end of year	<u>\$ 5,119,443</u>	<u>\$ 2,068</u>	<u>\$ 7,242,262</u>	<u>\$ 12,363,773</u>

**CITY OF CHULA VISTA**  
**Combining Statement of Cash Flows**  
**Enterprise Funds**  
**For the Year Ended June 30, 2008**

	<b>Transit Fund</b>	<b>Bayfront Trolley Station</b>	<b>Sewer DIFS</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 1,623,724	\$ -	\$ 539,136	\$ 2,162,860
Cash received from other funds	-	-	-	-
Cash payments to suppliers for goods and services	(7,641,818)	(97,594)	(114,220)	(7,853,632)
Cash payments to employee for services	-	-	(21,770)	(21,770)
Other revenue	316,059	-	-	316,059
Net cash provided (used) by operating activities	(5,702,035)	(97,594)	403,146	(5,396,483)
<b>Cash flows from capital and related financing activities:</b>				
Acquisition of capital assets	(81,051)	-	-	(81,051)
<b>Cash flows from noncapital financing activities:</b>				
Intergovernmental	6,772,347	102,676	-	6,875,023
Transfers out	(13,410)	-	(1,000,083)	(1,013,493)
Net cash provided (used) by noncapital financing activities	6,758,937	102,676	(1,000,083)	5,861,530
<b>Cash flows from investing activities:</b>				
Interest revenue	184,375	5,379	477,790	667,544
Net increase (decrease) in cash and cash equivalents	1,160,226	10,461	(119,147)	1,051,540
Cash and cash equivalents, beginning of year	2,650,765	149,514	8,859,132	11,659,411
Cash and cash equivalents, end of year	\$ 3,810,991	\$ 159,975	\$ 8,739,985	\$ 12,710,951

**CITY OF CHULA VISTA**  
**Combining Statement of Cash Flows**  
**Enterprise Funds (Continued)**  
**For the Year Ended June 30, 2008**

	<u>Transit Fund</u>	<u>Bayfront Trolley Station</u>	<u>Sewer DIFS Fund</u>	<u>Total</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (6,324,201)	\$ (98,406)	\$ 335,636	\$ (6,086,971)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	864,719	-	60,000	924,719
(Increase) in accounts receivables	(37,097)	-	-	(37,097)
Increase (decrease) in accounts payable and accrued liabilities	(205,456)	812	7,510	(197,134)
Total adjustments	<u>622,166</u>	<u>812</u>	<u>67,510</u>	<u>690,488</u>
Net cash provided (used) by operating activities	<u><u>\$ (5,702,035)</u></u>	<u><u>\$ (97,594)</u></u>	<u><u>\$ 403,146</u></u>	<u><u>\$ (5,396,483)</u></u>

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## **INTERNAL SERVICE FUNDS DESCRIPTIONS**

Internal Service Funds are used to finance and account for special activities and services performed by a designated City department for other departments on a cost reimbursement basis.

Fleet Management – This fund was established to account for vehicle and equipment services provided to City departments. Revenue accruing to this fund comes from charges to City departments benefiting from services provided.

Technology Replacement – This fund was established to account for computer and other technology services provided to City departments. Revenue accruing to this fund comes from charges to city departments benefiting from services provided.

Stores Inventory – This fund accounts for the City's Warehouse and Central Stores operation. The source of revenue is a reimbursement for items purchased for other departments.

**CITY OF CHULA VISTA**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**June 30, 2008**

	<b>Fleet Management</b>	<b>Technology Replacement</b>	<b>Stores Inventory</b>	<b>Total</b>
<b>Assets:</b>				
Current assets:				
Cash and investments	\$ 1,646,356	\$ 72,959	\$ -	\$ 1,719,315
Receivables:				
Interest receivable	17,093	522	-	17,615
Other receivable	39,393	-	-	39,393
	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	1,702,842	73,481	-	1,776,323
	<hr/>	<hr/>	<hr/>	<hr/>
Noncurrent assets:				
Capital assets, net	2,586,151	-	-	2,586,151
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	4,288,993	73,481	-	4,362,474
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Liabilities:</b>				
Current liability:				
Accounts payable and accrued liabilities	373,885	42,179	-	416,064
Noncurrent liability:				
Compensated absences	59,241	-	-	59,241
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	433,126	42,179	-	475,305
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net assets:</b>				
Invested in capital assets	2,586,151	-	-	2,586,151
Unrestricted	1,269,716	31,302	-	1,301,018
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets	\$ 3,855,867	\$ 31,302	\$ -	\$ 3,887,169
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>



**CITY OF CHULA VISTA**  
**Combining Statement of Revenues, Expenses and Changes in Net Assets**  
**Internal Service Funds**  
**For the Year Ended June 30, 2008**

	<u>Fleet Management</u>	<u>Technology Replacement</u>	<u>Stores Inventory</u>	<u>Total</u>
<b>Operating revenues:</b>				
Charges for services	\$ 4,528,402	\$ 49,697	\$ 109,951	\$ 4,688,050
Other	25,212	-	-	25,212
Total operating revenues	<u>4,553,614</u>	<u>49,697</u>	<u>109,951</u>	<u>4,713,262</u>
<b>Operating expenses:</b>				
Operations and administration	4,450,635	196,555	106,671	4,753,861
Depreciation	<u>1,015,242</u>	<u>-</u>	<u>-</u>	<u>1,015,242</u>
Total operating expenses	<u>5,465,877</u>	<u>196,555</u>	<u>106,671</u>	<u>5,769,103</u>
Operating income (loss)	<u>(912,263)</u>	<u>(146,858)</u>	<u>3,280</u>	<u>(1,055,841)</u>
<b>Nonoperating revenues:</b>				
Gain on sale of capital assets	60,885	-	-	60,885
Interest income	<u>92,548</u>	<u>2,072</u>	<u>2,174</u>	<u>96,794</u>
Total nonoperating revenues	<u>153,433</u>	<u>2,072</u>	<u>2,174</u>	<u>157,679</u>
Income (loss) before transfers	<u>(758,830)</u>	<u>(144,786)</u>	<u>5,454</u>	<u>(898,162)</u>
Transfer out	<u>(38,228)</u>	<u>-</u>	<u>(71,313)</u>	<u>(109,541)</u>
Change in net assets	<u>(797,058)</u>	<u>(144,786)</u>	<u>(65,859)</u>	<u>(1,007,703)</u>
Net assets, beginning of year, as restated	<u>4,652,925</u>	<u>176,088</u>	<u>65,859</u>	<u>4,894,872</u>
Net assets, end of year	<u>\$ 3,855,867</u>	<u>\$ 31,302</u>	<u>\$ -</u>	<u>\$ 3,887,169</u>

**CITY OF CHULA VISTA**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2008**

	<u><b>Fleet Management</b></u>	<u><b>Technology Replacement</b></u>
<b>Cash flows from operating activities:</b>		
Cash received from other funds	\$ 4,496,619	\$ 49,697
Cash payments to suppliers for goods and services	(3,440,340)	21,966
Cash payments to employee for services	(1,069,220)	(196,555)
Other	25,212	-
Net cash provided (used) by operating activities	<u>12,271</u>	<u>(124,892)</u>
<b>Cash flows from capital and Related Financing Activities:</b>		
Acquisition on capital assets	(1,605,276)	-
Proceeds received from sale of capital assets	<u>101,674</u>	<u>-</u>
Net cash (used) by noncapital financing activities	<u>(1,503,602)</u>	<u>-</u>
<b>Cash flows from noncapital financing activities:</b>		
Intergovernmental	34,145	
Transfers out	<u>(38,228)</u>	<u>-</u>
Net cash provided (used) by noncapital financing activities	<u>(4,083)</u>	<u>-</u>
<b>Cash flows from investing activities:</b>		
Interest revenue	<u>101,475</u>	<u>3,111</u>
Net (decrease) in cash and cash equivalents	(1,393,939)	(121,781)
Cash and cash equivalents, beginning of year, as restated	<u>3,040,295</u>	<u>194,740</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,646,356</u></u>	<u><u>\$ 72,959</u></u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ (912,263)	\$ (146,858)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	1,015,242	-
(Increase) in other receivables	(31,783)	-
Decrease in inventories	-	-
Increase (decrease) in accounts payable and, accrued liabilities	(35,414)	21,966
(Decrease) in compensated absences	<u>(23,511)</u>	<u>-</u>
Total adjustments	<u>924,534</u>	<u>21,966</u>
Net cash provided (used) by operating activities	<u><u>\$ 12,271</u></u>	<u><u>\$ (124,892)</u></u>

<b>Stores Inventory</b>	<b>Total</b>
\$ 109,951	\$ 4,656,267
18,272	(3,400,102)
(106,671)	(1,372,446)
-	25,212
21,552	(91,069)
-	(1,605,276)
-	101,674
-	(1,503,602)
(71,313)	34,145
(71,313)	(109,541)
(71,313)	(75,396)
2,694	107,280
(47,067)	(1,562,787)
47,067	3,282,102
\$ -	\$ 1,719,315
\$ 3,280	\$ (1,055,841)
-	1,015,242
-	(31,783)
20,669	20,669
(2,397)	(15,845)
-	(23,511)
18,272	964,772
\$ 21,552	\$ (91,069)

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## **AGENCY FUND DESCRIPTIONS**

The Agency Fund is used to account for assets held by the City in a trustee capacity for individuals, private organizations, other governments, and/or other funds.

**CITY OF CHULA VISTA**  
**Statement of Changes in Assets and Liabilities**  
**Agency Fund**  
**For the Year Ended June 30, 2008**

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2008</u>
<b><u>Special Assessment District</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 7,239,933	\$ 23,325,624	\$ 23,119,278	\$ 7,446,279
Restricted cash and investments held by fiscal agents	<u>171,370,947</u>	<u>19,087,042</u>	<u>33,923,971</u>	<u>156,534,018</u>
Total assets	<u><u>\$ 178,610,880</u></u>	<u><u>\$ 42,412,666</u></u>	<u><u>\$ 57,043,249</u></u>	<u><u>\$ 163,980,297</u></u>
<b>Liabilities:</b>				
Due to bondholders	<u><u>\$ 178,610,880</u></u>	<u><u>\$ 42,412,666</u></u>	<u><u>\$ 57,043,249</u></u>	<u><u>\$ 163,980,297</u></u>

**CITY OF CHULA VISTA**  
**Comprehensive Annual Financial Report**  
**Year Ended June 30, 2008**  
**Statistical Section**

This part of the City of Chula Vista comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

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	<i><b>Page(s)</b></i>
<b>Financial Trends</b>	
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	<i>132</i>
<b>Revenue Capacity</b>	
<i>These schedules contain trend information to help the reader assess the government's most significant current local revenue source, the property tax.</i>	<i>142</i>
<b>Debt Capacity</b>	
<i>These schedules contain present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	<i>149</i>
<b>Demographic and Economic Information</b>	
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	<i>156</i>
<b>Operating Information</b>	
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	<i>160</i>

**CITY OF CHULA VISTA**  
**Net Assets by Component**  
**Last Seven Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year		
	2002	2003	2004
Governmental activities:			
Invested in capital assets, net of related debt	\$ 382,552,076	\$ 456,096,957	\$ 537,716,998
Restricted	27,640,955	55,203,919	55,283,141
Unrestricted	<u>77,110,077</u>	<u>103,843,928</u>	<u>110,825,189</u>
Total governmental activities net assets	<u>\$ 487,303,108</u>	<u>\$ 615,144,804</u>	<u>\$ 703,825,328</u>
Business-type activities:			
Invested in capital assets, net of related debt	\$ 7,951,380	\$ 7,156,534	\$ 6,217,348
Restricted	-	-	-
Unrestricted	<u>1,424,557</u>	<u>362,007</u>	<u>381,697</u>
Total business-type activities net assets	<u>\$ 9,375,937</u>	<u>\$ 7,518,541</u>	<u>\$ 6,599,045</u>
Primary government:			
Invested in capital assets, net of related debt	\$ 390,763,965	\$ 463,253,491	\$ 543,934,346
Restricted	27,640,955	55,203,919	55,283,141
Unrestricted	<u>70,214,464</u>	<u>104,205,935</u>	<u>111,206,886</u>
Total primary government net assets	<u>\$ 488,619,384</u>	<u>\$ 622,663,345</u>	<u>\$ 710,424,373</u>

*The City of Chula Vista implemented GASB 34 for the fiscal year ended June 30, 2002. Information prior to the implementation of GASB 34 is not available. Sewer funds were converted to an enterprise fund in fiscal year 2008.*



Fiscal Year			
2005	2006	2007	2008
\$ 600,317,974	\$ 662,230,041	\$ 715,090,838	\$ 621,878,119
72,468,247	75,916,972	69,516,915	55,166,660
111,448,751	95,782,921	126,026,156	91,683,171
<u>\$ 784,234,972</u>	<u>\$ 833,929,934</u>	<u>\$ 910,633,909</u>	<u>\$ 768,727,950</u>
\$ 7,423,479	\$ 6,540,514	\$ 5,658,433	\$ 150,004,170
-	-	-	-
580,735	500,299	335,824	55,294,988
<u>\$ 8,004,214</u>	<u>\$ 7,040,813</u>	<u>\$ 5,994,257</u>	<u>\$ 205,299,158</u>
\$ 607,741,453	\$ 668,770,555	\$ 720,749,271	\$ 771,882,289
72,468,247	75,916,972	69,516,915	55,166,660
112,029,486	96,283,220	126,361,980	146,978,159
<u>\$ 792,239,186</u>	<u>\$ 840,970,747</u>	<u>\$ 916,628,166</u>	<u>\$ 974,027,108</u>

**CITY OF CHULA VISTA**  
**Changes in Net Assets**  
**Last Seven Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year		
	2002	2003	2004
Expenses:			
Governmental activities:			
General government	\$ 36,023,946	\$ 36,112,144	\$ 37,542,162
Public safety	44,047,317	46,795,935	54,974,182
Public works	60,084,674	60,981,126	71,482,668
Parks and recreation	8,976,959	7,213,329	5,854,495
Library	7,205,111	8,110,316	8,845,277
Interest on long-term debt	10,438,706	9,322,463	12,827,332
Total governmental activities expenses	<u>166,776,713</u>	<u>168,535,313</u>	<u>191,526,116</u>
Business-type activities:			
Transit	7,073,358	7,797,769	7,257,722
Bayfront Trolley Station	102,583	79,593	85,567
Sewer funds	-	-	-
Sewer DIFs	-	-	-
Interest on long-term debt	-	-	-
Total business-type activities expenses	<u>7,175,941</u>	<u>7,877,362</u>	<u>7,343,289</u>
Total primary government expenses	<u>173,952,654</u>	<u>176,412,675</u>	<u>198,869,405</u>
Program revenues:			
Governmental activities:			
Charges for services:			
General government	23,990,385	29,530,624	35,075,023
Public safety	4,465,958	5,003,310	9,991,565
Public works	31,651,057	34,193,401	46,862,521
Parks and recreation	1,559,120	1,534,116	25,000,748
Library	290,393	603,136	2,751,059
Operating grants and contributions	24,516,560	23,272,659	17,426,744
Capital grants and contributions	1,627,819	2,190,909	1,783,068
Total governmental activities program revenues	<u>88,101,292</u>	<u>96,328,155</u>	<u>138,890,728</u>
Business-type activities:			
Charges for services:			
Transit	2,289,591	2,319,322	2,525,349
Sewer funds	-	-	-
Sewer DIFs	-	-	-
Operating grants and contributions	2,621,995	3,610,307	3,805,056
Capital grants and contributions	3,248,226	-	-
Total business-type activities program revenues	<u>8,159,812</u>	<u>5,929,629</u>	<u>6,330,405</u>
Total primary government program revenues	<u>96,261,104</u>	<u>102,257,784</u>	<u>145,221,133</u>
Net revenues (expenses):			
Governmental activities	(78,675,421)	(72,207,158)	(52,635,388)
Business-type activities	983,871	(1,947,733)	(1,012,884)
Total net revenues (expenses)	<u>(77,691,550)</u>	<u>(74,154,891)</u>	<u>(53,648,272)</u>

Fiscal Year			
2005	2006	2007	2008
\$ 42,591,851	\$ 53,566,425	\$ 45,249,650	\$ 51,609,403
63,368,815	72,887,220	77,136,782	78,633,467
79,723,824	102,122,564	103,117,608	86,410,082
7,757,251	8,085,160	9,353,280	9,650,399
8,890,126	10,412,973	10,320,817	8,532,621
12,656,986	12,263,808	12,032,833	13,656,534
214,988,853	259,338,150	257,210,970	248,492,506
7,475,184	7,447,393	7,330,560	8,301,081
98,900	86,595	103,691	98,406
-	-	-	30,323,015
-	-	-	203,500
-	-	-	62,927
7,574,084	7,533,988	7,434,251	38,988,929
222,562,937	266,872,138	264,645,221	287,481,435
37,464,481	52,310,629	45,255,716	38,563,085
9,555,756	11,598,587	7,311,407	8,148,817
40,020,387	52,749,415	45,520,978	23,112,265
15,702,515	26,935,981	19,106,017	11,881,147
2,220,368	2,693,087	818,285	561,948
22,226,690	19,464,389	16,646,713	34,498,639
79,419,189	57,074,381	85,608,765	50,632,109
206,609,386	222,826,469	220,267,881	167,398,010
2,425,531	2,526,487	2,433,008	1,660,821
-	-	-	29,138,449
-	-	-	539,136
4,231,445	-	-	5,378,518
1,971,311	-	-	-
8,628,287	2,526,487	2,433,008	36,716,924
215,237,673	225,352,956	222,700,889	204,114,934
(8,379,467)	(36,511,681)	(36,943,089)	(81,094,496)
1,054,203	(5,007,501)	(5,001,243)	(2,272,005)
(7,325,264)	(41,519,182)	(41,944,332)	(83,366,501)

**CITY OF CHULA VISTA**  
**Changes in Net Assets (Continued)**  
**Last Seven Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year		
	2002	2003	2004
General revenues and other changes in net assets:			
Governmental activities:			
Taxes:			
Property taxes	20,101,086	22,472,649	26,674,527
Sales tax	18,812,328	19,612,779	21,421,090
Other taxes	24,842,617	14,844,449	25,826,828
Investment income	18,215,420	14,372,650	5,651,048
Other general revenues	18,188,635	155,683,692	58,912,431
Transfers	45,626	45,626	42,876
Total governmental activities	<u>100,205,712</u>	<u>227,031,845</u>	<u>138,528,800</u>
Business-type activities:			
Investment income	316,569	118,056	20,715
Miscellaneous	(6,423)	17,907	115,549
Transfers	(45,626)	(45,626)	(42,876)
Total business-type activities	<u>264,520</u>	<u>90,337</u>	<u>93,388</u>
Total primary government	<u>100,470,232</u>	<u>227,122,182</u>	<u>138,622,188</u>
Changes in net assets			
Governmental activities	21,530,291	154,824,687	85,893,412
Business-type activities	1,248,391	(1,857,396)	(919,496)
Total primary government	<u>\$ 22,778,682</u>	<u>\$ 152,967,291</u>	<u>\$ 84,973,916</u>

*The City of Chula Vista implemented GASB 34 for the fiscal year ended June 30, 2002. Information prior to the implementation of GASB 34 is not available. Sewer funds were converted to an enterprise fund in fiscal year 2008.*

Fiscal Year			
2005	2006	2007	2008
27,074,211	32,597,672	38,882,122	43,388,023
23,600,000	30,915,515	32,817,351	29,062,355
23,373,749	22,218,942	21,400,961	21,922,357
11,678,930	10,195,710	13,386,872	8,663,014
4,887,489	5,261,428	7,137,140	8,165,247
34,900	122,588	22,618	5,594,536
90,649,279	101,311,855	113,647,064	116,795,532
56,485	78,605	167,734	6,740,155
329,381	4,088,083	3,809,571	670,170
(34,900)	(122,588)	(22,618)	(5,594,536)
350,966	4,044,100	3,954,687	1,815,789
91,000,245	105,355,955	117,601,751	118,611,321
82,269,812	64,800,174	76,703,975	35,701,036
1,405,169	(963,401)	(1,046,556)	(456,216)
\$ 83,674,981	\$ 63,836,773	\$ 75,657,419	\$ 35,244,820

**CITY OF CHULA VISTA**  
**Fund Balances of Governmental Funds**  
**Last Seven Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year		
	2002	2003	2004
General fund:			
Reserved	\$ 21,978,726	\$ 21,358,332	\$ 20,096,238
Unreserved	34,340,826	28,694,894	25,191,333
Total general fund	56,319,552	50,053,226	45,287,571
All other governmental funds:			
Reserved	73,298,604	106,439,367	98,145,262
Unreserved, reported in:			
Debt service funds	(41,639,285)	(28,318,787)	(39,678,141)
Capital projects funds	129,796,298	73,977,363	81,760,701
Special revenue funds	46,650,553	38,423,739	41,395,612
Total all other governmental funds	\$ 208,106,170	\$ 190,521,682	\$ 181,623,434

*The City of Chula Vista implemented GASB 34 for the fiscal year ended June 30, 2002. Information*

Fiscal Year			
2005	2006	2007	2008
\$ 22,214,965	\$ 21,771,010	\$ 22,249,346	\$ 22,258,951
19,287,213	18,114,943	13,252,911	11,817,191
41,502,178	39,885,953	35,502,257	34,076,142
98,226,224	64,859,111	65,710,720	26,305,432
(40,817,038)	(42,861,708)	(44,404,278)	(43,496,817)
94,472,902	113,659,937	92,093,271	79,153,680
48,987,258	57,893,321	64,843,682	48,033,348
<u>\$ 200,869,346</u>	<u>\$ 193,550,661</u>	<u>\$ 178,243,395</u>	<u>\$ 109,995,643</u>

**CITY OF CHULA VISTA**  
**Changes in Fund Balances of Governmental Funds**  
**Last Seven Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year		
	2002	2003	2004
Revenues:			
Taxes	\$ 64,314,781	\$ 58,729,882	\$ 72,842,579
Licenses and permits	3,484,799	4,596,975	5,533,743
Fines and forfeitures	1,452,879	1,507,652	1,568,585
Investment income	20,519,517	13,874,221	5,113,371
Developer fees	10,639,125	25,613,027	44,032,302
Intergovernmental	31,307,984	31,868,289	24,600,541
Charges for services	35,194,542	38,994,778	44,940,117
Other	22,812,525	21,862,659	25,318,879
Total revenues	<u>189,726,152</u>	<u>197,047,483</u>	<u>223,950,117</u>
Expenditures			
Current:			
General government	34,016,579	35,884,084	38,239,086
Public safety	40,871,945	45,781,808	52,491,410
Public works	39,375,210	49,118,238	54,430,850
Parks and recreation	7,978,726	4,820,255	4,824,714
Library	6,932,684	7,803,208	7,583,333
Capital outlay	54,614,051	66,522,243	56,039,237
Debt service:			
Principal retirement	4,516,442	7,046,207	13,362,073
Interest and fiscal charges	10,217,834	9,817,072	10,910,758
Bond issuance cost	-	-	-
Total expenditures	<u>198,523,471</u>	<u>226,793,115</u>	<u>237,881,461</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,797,319)</u>	<u>(29,745,632)</u>	<u>(13,931,344)</u>
Other financing sources (uses):			
Transfers in	44,485,931	43,317,265	26,894,272
Transfers out	(44,357,179)	(43,178,867)	(26,789,382)
Proceeds from long-term debt	-	-	-
Proceeds from bond sale	60,145,000	11,320,000	-
Bond premium/(bond discount)	-	-	-
Proceeds from sale of capital assets	-	-	162,551
Total other financing sources (uses)	<u>60,273,752</u>	<u>11,458,398</u>	<u>267,441</u>
Extraordinary item:			
Forgiveness of debt	-	(5,635,850)	-
Total extraordinary item	<u>-</u>	<u>(5,635,850)</u>	<u>-</u>
Net change in fund balances	<u>\$ 51,476,433</u>	<u>\$ (23,923,084)</u>	<u>\$ (13,663,903)</u>
Debt service as a percentage of noncapital expenditures	10.2%	10.5%	13.3%

*The City of Chula Vista implemented GASB 34 for the fiscal year ended June 30, 2002. Information prior to the implementation of GASB 34 is*



Fiscal Year			
2005	2006	2007	2008
\$ 81,190,971	\$ 86,509,678	\$ 92,821,711	\$ 103,543,735
3,946,733	3,441,613	2,870,424	2,767,850
1,398,146	1,724,862	2,226,822	2,671,545
10,199,902	7,946,878	13,570,315	10,890,132
22,625,331	50,551,528	24,058,397	17,318,134
43,647,460	41,847,938	36,385,796	43,962,835
41,850,292	43,823,886	52,694,312	15,679,753
28,232,712	30,012,125	23,567,613	30,427,119
233,091,547	265,858,508	248,195,390	227,261,103
46,054,981	49,628,483	46,904,990	49,596,883
61,673,449	67,913,584	73,245,978	74,781,055
56,220,867	72,296,203	75,720,582	57,789,303
5,369,192	6,210,040	7,503,259	6,869,089
8,957,574	9,734,444	9,660,809	8,224,897
61,134,157	72,988,853	36,472,182	29,525,186
4,936,247	6,054,618	30,892,802	7,884,493
12,059,211	12,260,244	12,289,908	12,224,973
-	-	514,994	34,485
256,405,678	297,086,469	293,205,504	246,930,364
(23,314,131)	(31,227,961)	(45,010,114)	(19,669,261)
84,773,947	55,698,112	53,900,545	26,104,914
(84,678,601)	(52,132,246)	(53,835,509)	(20,400,837)
765,000	-	-	-
37,240,000	21,255,000	25,760,000	10,264,224
35,254	-	(505,884)	-
639,050	-	-	-
38,774,650	24,820,866	25,319,152	15,968,301
-	-	-	-
-	-	-	-
\$ 15,460,519	\$ (6,407,095)	\$ (19,690,962)	\$ (3,700,960)
8.7%	8.2%	17.0%	9.3%

**CITY OF CHULA VISTA**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	City				Taxable Assessed Value <sup>1</sup>
	Secured	Unsecured	Less: Exemptions		
1999	\$ 7,101,554,450	\$ 245,602,993	\$ (234,813,113)		\$ 7,112,344,330
2000	7,854,468,090	502,416,173	(268,612,195)		8,088,272,068
2001	8,812,650,702	326,184,542	(296,831,109)		8,842,004,135
2002	9,948,410,787	442,676,336	(262,190,235)		10,128,896,888
2003	11,489,756,820	359,527,956	(303,902,966)		11,545,381,810
2004	13,186,377,450	387,657,132	(349,913,333)		13,224,121,249
2005	15,390,029,359	402,366,184	(426,140,493)		15,366,255,050
2006	18,481,902,606	442,863,514	(452,332,435)		18,472,433,685
2007	21,254,352,374	582,720,155	(496,479,594)		21,340,592,935
2008	24,381,647,068	544,113,016	(567,257,524)		24,358,502,560

<sup>1</sup> Includes redevelopment incremental valuation

<sup>2</sup> Redevelopment Agency exemptions are included in City exemption data as they are not reported separately

**NOTE:**

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: County of San Diego Property Tax Services

Redevelopment Agency				
Secured	Unsecured	Less: Exemptions <sup>2</sup>	Taxable Assessed Value	Total Direct Tax Rate
\$ 390,015,547	\$ 62,024,435		\$ 452,039,982	0.144%
443,796,518	62,434,166		506,230,684	0.144%
486,277,371	72,978,911		559,256,282	0.144%
420,217,884	165,288,557		585,506,441	0.144%
578,332,766	92,744,520		671,077,286	0.144%
548,945,714	84,234,008		633,179,722	0.144%
617,179,700	82,759,507		699,939,207	0.144%
735,529,147	82,456,175		817,985,322	0.144%
846,124,571	202,760,284		1,048,884,855	0.144%
1,058,205,677	94,614,761		1,152,820,438	0.144%

**CITY OF CHULA VISTA**  
**Direct and Overlapping Property Tax Rates**  
**(Rate per \$100 of assessed value)**  
**Last Ten Fiscal Years**

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
City Direct Rates:						
City basic rate	0.144	0.144	0.144	0.144	0.144	0.144
Overlapping Rates:						
Chula Vista Elementary School District Bonds	-	0.025	0.025	0.024	0.026	0.027
Sweetwater Union High School District Bonds	-	-	-	0.025	0.022	0.020
Southwestern Community College Bonds	-	-	-	0.015	0.013	0.007
MWD D/S Remainder of SDCWA 15019999	0.009	0.009	0.009	0.008	0.007	0.006
CWA South Bay Irrigation Debt Service	0.001	0.001	0.001	0.001	0.001	0.001
County of San Diego	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>
Total Direct Rate	<u>1.010</u>	<u>1.035</u>	<u>1.035</u>	<u>1.073</u>	<u>1.069</u>	<u>1.061</u>

**NOTE:**

In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of school bonds and other debt service. Overlapping rates may vary by tax rate area. The data listed in this table is representative of tax rate area 001001.

Source: County of San Diego Property Tax Services

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
0.144	0.144	0.144	0.144
0.028	0.027	0.027	0.020
0.018	0.023	0.020	0.047
0.013	0.015	0.014	0.013
0.006	0.005	0.005	0.005
-	-	-	-
<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>
<u><u>1.065</u></u>	<u><u>1.070</u></u>	<u><u>1.066</u></u>	<u><u>1.084</u></u>

**CITY OF CHULA VISTA**  
**Principal Property Tax Payers**  
**Current Year and Nine Years Ago**

Taxpayer	2008		Percent of Total City Taxable Assessed Value
	Taxable Assessed Value	Rank	
Village II of Otay HB Sub GP	\$ 350,954,456	1	1.44%
GGP-Otay Ranch LP	259,573,098	2	1.07%
Rohr Inc.	177,103,974	3	0.73%
Shea Homes Ltd Partnership	173,481,320	4	0.71%
Rancho Mesa LP	164,892,023	5	0.68%
Village II of Otay LP	163,433,695	6	0.67%
Gateway Chula Vista 2 LLC	140,210,419	7	0.58%
Otay Ranch II Sun 12 LLC	129,711,974	8	0.53%
Otay Ranch Twenty-Two LLC	109,644,058	9	0.45%
Winding Walk Residential LLC	90,273,611	10	0.37%
	<u>\$ 1,759,278,628</u>		<u>7.22%</u>

The amounts shown above include assessed value data for both the City and the Redevelopment Agency. 1999 data is not available from the County of San Diego.

Source: County of San Diego Property Tax Services

1999		
Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
n/a	n/a	n/a
n/a	n/a	n/a
n/a	n/a	n/a
n/a	n/a	n/a
n/a	n/a	n/a
n/a	n/a	n/a
n/a	n/a	n/a
n/a	n/a	n/a
n/a	n/a	n/a
n/a	n/a	n/a

**CITY OF CHULA VISTA**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year <sup>1</sup>	Collected within the Fiscal Year of Levy		Collections in Subsequent Years <sup>2</sup>	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
1999	\$ 9,257,814	\$ 9,104,045	98.34%	\$ 129,600	\$ 9,233,645	99.74%
2000	10,133,358	9,936,521	98.06%	106,647	10,043,167	99.11%
2001	11,254,079	11,069,156	98.36%	125,706	11,194,861	99.47%
2002	12,806,109	12,597,591	98.37%	96,550	12,694,141	99.13%
2003	14,293,880	14,061,319	98.37%	112,257	14,173,576	99.16%
2004	16,200,005	15,959,723	98.52%	116,784	16,076,507	99.24%
2005	18,652,193	18,324,623	98.24%	106,497	18,431,120	98.81%
2006	22,096,604	21,617,022	97.83%	162,806	21,779,829	98.57%
2007	25,159,692	24,409,063	97.02%	209,442	24,618,505	97.85%
2008	28,641,734	27,506,299	96.04%	460,875	27,967,173	97.64%

<sup>1</sup> Levy amounts do not include supplemental taxes.

<sup>2</sup> Collection amounts represent delinquencies collected for all prior years during the current tax year.

Source: County of San Diego Property Tax Services



**CITY OF CHULA VISTA**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	Governmental Activities					Percentage of Personal Income <sup>1</sup>	Debt Per Capita <sup>1</sup>
	Pension Obligation	Tax Allocation	Loans	Certificates of Participation	Total Governmental Activities		
	Bonds	Bonds					
1999	\$ 16,757,351	\$ 27,625,000	\$ 41,742,571	\$ 14,390,000	\$ 100,514,922	1.78%	630
2000	16,419,851	27,255,000	46,726,701	13,215,000	103,616,552	1.73%	631
2001	15,971,354	43,855,000	55,689,108	37,240,000	152,755,462	2.38%	880
2002	15,456,449	43,330,000	10,397,443	95,245,000	164,428,892	2.49%	906
2003	14,799,025	42,750,000	7,462,505	104,225,000	169,236,530	2.48%	886
2004	13,985,870	42,125,000	7,315,971	92,920,000	156,346,841	2.22%	780
2005	12,991,962	41,240,000	8,193,481	127,599,255	190,024,698	2.52%	910
2006	11,795,000	40,295,000	9,811,786	144,240,000	206,141,786	2.61%	950
2007	10,415,000	41,275,000	10,054,806	139,845,000	201,589,806	2.44%	902
2008	8,820,000	40,185,000	19,304,342	135,045,000	203,354,342	2.37%	892

<sup>1</sup> These ratios are calculated using personal income and population for the prior calendar year.

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

**CITY OF CHULA VISTA**  
**Ratio of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
**(In Thousands, except Per Capita)**

Fiscal Year Ended June 30	Outstanding General Bonded Debt			Percent of Assessed Value <sup>1</sup>	Per Capita
	Pension	Tax	Total		
	Obligation	Allocation			
	Bonds	Bonds			
1999	\$ 16,757	\$ 27,625	\$ 44,382	0.62%	278
2000	16,420	27,255	43,675	0.54%	266
2001	15,971	43,855	59,826	0.68%	345
2002	15,456	43,330	58,786	0.58%	324
2003	14,799	42,750	57,549	0.50%	301
2004	13,986	42,125	56,111	0.42%	280
2005	12,992	41,240	54,232	0.35%	260
2006	11,795	40,295	52,090	0.28%	240
2007	10,415	41,275	51,690	0.24%	231
2008	8,820	40,185	49,005	0.20%	215

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

<sup>1</sup> Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

**CITY OF CHULA VISTA**  
**Direct and Overlapping Debt**  
**June 30, 2008**

2007-08 Assessed Valuation:	\$ 24,358,502,560
Redevelopment Incremental Valuation:	1,152,946,158
Adjusted Assessed Valuation:	<u>\$ 23,205,556,402</u>

	Total Debt 6/30/08	% Applicable (1)	City's Share of Debt 6/30/08
<b><u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>			
Metropolitan Water District	\$ 327,215,000	1.313%	\$ 4,296,333
Otay Municipal Water District, I.D. No. 27	8,810,000	99.998	8,809,824
Southwestern Community College District	86,458,580	58.026	50,168,456
Sweetwater Union High School District	356,614,415	67.411	240,397,343
Chula Vista City School District	83,065,000	87.446	72,637,020
City of Chula Vista Community Facilities Districts	245,035,000	100.	245,035,000
Sweetwater Union High School District Community Facilities District	204,656,814	3.978-100.	190,481,994
Chula Vista City School District Community Facilities Districts	7,125,000	100.	7,125,000
City of Chula Vista 1915 Act Bonds	36,971,802	100.	<u>36,971,802</u>
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$ 855,922,772</b>

**DIRECT AND OVERLAPPING GENERAL FUND DEBT:**

San Diego County General Fund Obligations	\$ 357,645,000	6.765%	\$ 24,194,684
San Diego County Pension Obligations	1,153,187,916	6.765	78,013,163
San Diego County Superintendent of Schools Obligations	17,267,500	6.765	1,168,146
Southwestern Community College District Certificates of Participation	1,770,000	58.026	1,027,060
Sweetwater Union High School District Certificates of Participation	15,030,000	67.411	10,131,873
Chula Vista City School District Certificates of Participation	131,565,000	87.446	115,048,330
<b>City of Chula Vista Certificates of Participation</b>	<b>135,045,000</b>	<b>100.</b>	<b>135,045,000</b>
<b>City of Chula Vista Pension Obligations</b>	<b>8,820,000</b>	<b>100.</b>	<b>8,820,000</b>
Otay Municipal Water District Certificates of Participation	65,335,000	67.271	43,951,508
<b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$ 417,399,764</b>
Less: Otay Municipal Water District Certificates of Participation			43,951,508
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$ 373,448,256</b>

<b>GROSS COMBINED TOTAL DEBT</b>	<b>\$ 1,273,322,536 (2)</b>
<b>NET COMBINED TOTAL DEBT</b>	<b>\$ 1,229,371,029</b>

- (1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.  
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

**Ratios to 2007-08 Assessed Valuation:**

Total Overlapping Tax and Assessment Debt.....3.51%

**Ratios to Adjusted Assessed Valuation:**

**Combined Direct Debt (\$143,865,000)..... 0.62%**  
Gross Combined Total Debt.....5.49%  
Net Combined Total Debt.....5.30%

**STATE SCHOOL BUILDING AID REPAYABLE AS OF 06/30/08:** \$0

Source: California Municipal Statistics, Inc.

**CITY OF CHULA VISTA**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

	Fiscal Year			
	1999	2000	2001	2002
Assessed valuation	\$ 7,112,344,330	\$ 8,088,272,068	\$ 8,842,004,135	\$ 10,128,896,888
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	1,778,086,083	2,022,068,017	2,210,501,034	2,532,224,222
Debt limit percentage	15%	15%	15%	15%
Debt limit	266,712,912	303,310,203	331,575,155	379,833,633
Total net debt applicable to limit:				
Pension obligation bonds	<u>16,757,351</u>	<u>16,419,851</u>	<u>15,971,354</u>	<u>15,456,449</u>
Legal debt margin	<u>\$ 249,955,561</u>	<u>\$ 286,890,352</u>	<u>\$ 315,603,801</u>	<u>\$ 364,377,184</u>
Total debt applicable to the limit				
as a percentage of debt limit	6.3%	5.4%	4.8%	4.1%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source: City Finance Department  
County of San Diego Property Tax Services

Fiscal Year					
2003	2004	2005	2006	2007	2008
\$ 11,545,381,810	\$ 13,224,121,249	\$ 15,366,255,050	\$ 18,472,433,685	\$ 21,340,592,935	\$ 24,358,502,560
25%	25%	25%	25%	25%	25%
2,886,345,453	3,306,030,312	3,841,563,763	4,618,108,421	5,335,148,234	6,089,625,640
15%	15%	15%	15%	15%	15%
432,951,818	495,904,547	576,234,564	692,716,263	800,272,235	913,443,846
14,799,025	13,985,870	12,991,962	11,795,000	10,415,000	8,820,000
<u>\$ 418,152,793</u>	<u>\$ 481,918,677</u>	<u>\$ 563,242,602</u>	<u>\$ 680,921,263</u>	<u>\$ 789,857,235</u>	<u>\$ 904,623,846</u>
3.4%	2.8%	2.3%	1.7%	1.3%	1.0%

**CITY OF CHULA VISTA**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	Tax Allocation Bonds			
	Tax Increment	Debt Service		Coverage
		Principal	Interest	
1999	\$ 6,045,332	\$ 350,000	\$2,203,904	2.37
2000	6,388,669	370,000	2,179,841	2.51
2001	7,590,243	400,000	2,477,730	2.64
2002	7,032,187	525,000	2,980,373	2.01
2003	7,822,428	580,000	2,943,058	2.22
2004	10,317,573	625,000	2,902,851	2.92
2005	8,939,444	885,000	2,855,288	2.39
2006	10,404,880	945,000	2,797,726	2.78
2007	11,935,618	995,000	2,735,150	3.20
2008	13,793,329	1,090,000	1,965,103	4.51

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

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**CITY OF CHULA VISTA**  
**Demographic and Economic Statistics**  
**Last Ten Calendar Years**

<u>Year</u>	<u>Total Population</u>	<u>Pct. of S.D. County Population</u>	<u>Pct. Change from Previous Year</u>	<u>Median Age</u>	<u>Avg. Household Size</u>
1998	159,500	5.9%	3.2%	n/a	n/a
1999	164,200	6.0%	2.9%	n/a	n/a
2000	173,556	6.2%	5.7%	33.0	2.99
2001	181,453	6.3%	4.6%	32.9	3.01
2002	191,033	6.5%	5.3%	32.9	3.05
2003	200,378	6.7%	4.9%	33.0	3.09
2004	208,768	6.9%	4.2%	33.4	3.03
2005	216,961	7.1%	3.9%	33.6	3.03
2006	223,604	7.3%	3.1%	33.8	3.05
2007	227,863	7.4%	1.9%	33.8	3.04

Sources: SANDAG, Current Estimates (Oct. 2008)  
California Department of Finance  
California Employment Development Department  
U.S. Census Bureau, Census 2000 and American Community Survey  
U.S. Bureau of Economic Analysis



Educational Attainment		Pct. Below Poverty	Unemployment Rate	Personal Income (In Thousands)	Per Capita Personal Income
% High School Graduate	% Bachelor's Degree or Higher				
n/a	n/a	n/a	n/a	\$ 5,654,900	35,450
n/a	n/a	n/a	n/a	5,976,200	36,400
79%	22%	11%	4.6%	6,412,800	36,950
n/a	n/a	n/a	4.9%	6,594,500	36,340
n/a	n/a	n/a	6.1%	6,825,500	35,730
n/a	n/a	n/a	6.1%	7,048,800	35,180
n/a	n/a	n/a	5.6%	7,555,100	36,190
79%	25%	9%	5.1%	7,888,300	36,360
82%	24%	11%	4.7%	8,278,800	37,020
80%	25%	9%	5.4%	8,575,200	37,630

**CITY OF CHULA VISTA**  
**Principal Employers**  
**Current Year and Nine Years Ago**

<u>Employer</u>	<u>2008</u>		<u>1999 <sup>1</sup></u>	
	<u>Number of Employees</u>	<u>Percent of Total Employment</u>	<u>Number of Employees</u>	<u>Percent of Total Employment</u>
Sweetwater Union High School District	4,598	9.17%	n/a	n/a
Chula Vista Elementary School District	2,669	5.32%	n/a	n/a
Southwestern Community College	2,100	4.19%	n/a	n/a
Rohr Inc/Goodrich Aerospace	1,903	3.79%	n/a	n/a
City of Chula Vista	1,481	2.95%	n/a	n/a
Sharp Chula Vista Medical Center	1,410	2.81%	n/a	n/a
Scripps Mercy Hospital Chula Vista	1,032	2.06%	n/a	n/a
Wal-Mart	950	1.89%	n/a	n/a
United Parcel Service	656	1.31%	n/a	n/a
CostCo Wholesale Corp.	623	1.24%	n/a	n/a

<sup>1</sup> 1999 data is not available

"Total Employment" as used above represents the total employment of all employers located within City limits.

Source: State Employment Development Department  
City Finance Department  
Sweetwater Union High School District Human Resources Department  
Chula Vista Elementary School District Human Resources Department  
Southwestern Community College Human Resources Department

**CITY OF CHULA VISTA**  
**Full-time and Part-time City Employees**  
**by Function**  
**Last Ten Fiscal Years**

Function	Full-Time and Part-time Employees as of June 30									
	1999 <sup>1</sup>	2000 <sup>1</sup>	2001 <sup>1</sup>	2002 <sup>1</sup>	2003	2004 <sup>2</sup>	2005	2006	2007	2008
General government	216	103	105	98	225	465	193	380	324	302
Public safety	353	309	327	362	413	480	528	518	548	504
Public works/engr	217	230	249	269	295	249	335	198	237	188
Parks and recreation	297	495	529	559	162	-	175	230	242	223
Library	-	-	-	-	216	182	217	252	227	196
Planning and building	70	74	84	92	92	99	91	97	83	68
Total	<u>1,083</u>	<u>1,211</u>	<u>1,294</u>	<u>1,380</u>	<u>1,403</u>	<u>1,475</u>	<u>1,539</u>	<u>1,675</u>	<u>1,661</u>	<u>1,481</u>

<sup>1</sup> Library employee count included in Parks and Recreation count

<sup>2</sup> Parks and Recreation employee count included in General Government count

Source: City Finance Department

**CITY OF CHULA VISTA**  
**Operating Indicators**  
**by Function**  
**Last Ten Fiscal Years**

	Fiscal Year				
	1999	2000	2001	2002	2003
Police:					
Citizen-initiated calls for service <sup>1</sup>	74,405	76,738	73,977	71,859	71,268
Fire:					
Number of emergency calls <sup>2</sup>	6,344	6,654	7,128	7,626	8,088
Inspections	n/a	n/a	n/a	n/a	n/a
Public works:					
Street resurfacing/maintenance <sup>3</sup> (square feet)	n/a	142,622.2	307,619.5	151,576.5	218,632.1
Parks and recreation:					
Number of recreation classes	n/a	1,076	1,136	1,126	2,261
Number of facility rentals	n/a	n/a	762	1,096	897
Library:					
Circulation	1,246,433	1,198,645	1,192,670	1,268,587	1,308,148
Attendance	811,470	965,406	1,209,986	1,009,061	1,044,755
Sewer:					
New connections	n/a	1,633	2,314	2,464	2,652
Average daily sewage treatment (millions of gallons)	13.0	14.3	15.0	15.2	16.3

<sup>1</sup> The 1999 figure is for the calendar year instead of fiscal year.

<sup>2</sup> Figures for 1999 and 2005 are reported for the calendar year instead of fiscal year.

<sup>3</sup> Excludes filling of potholes.

Note: Data is not available for the fiscal years marked as n/a.

Source: City of Chula Vista

Fiscal Year				
2004	2005	2006	2007	2008
71,000	74,106	73,075	74,277	74,192
8,420	9,907	n/a	14,853	14,548
n/a	n/a	1,780	2,119	n/a
252,788.5	142,863.8	230,598.4	157,903.0	96,976.7
1,819	1,709	1,821	2,231	2,575
402	680	610	855	1,217
1,308,709	1,414,295	1,467,799	1,344,115	1,265,720
1,070,560	1,121,119	1,170,168	1,148,024	1,296,245
2,480	1,934	488	529	165
15.8	17.0	16.9	17.0	16.8

**CITY OF CHULA VISTA**  
**Capital Asset Statistics**  
**by Function**  
**Last Ten Fiscal Years**

	Fiscal Year			
	1999	2001	2002	2003
Police:				
Stations	1	1	1	1
Fire:				
Fire stations	6	6	7	7
Public works:				
Streets (miles)	n/a	n/a	356.2	358.8
Streetlights	n/a	n/a	7,107	7,547
Traffic signals	144	152	161	170
Parks and recreation:				
Community parks	6	6	6	6
Recreation facilities	8	8	8	9
Library:				
Libraries	2	2	2	2
Sewer:				
Sewer pipes (miles)	n/a	n/a	338.6	428.2
Storm drains (miles)	n/a	n/a	173.0	182.3
Maximum daily treatment capacity (millions of gallons)	19.8	19.8	19.8	19.8

Note: Data is not available for the fiscal years marked as n/a

Source: City of Chula Vista

Fiscal Year				
2004	2005	2006	2007	2008
1	1	1	1	1
7	8	9	9	9
370.9	373.8	387.3	403.3	416.9
8,047	8,368	8,501	8,953	9,013
188	199	220	238	253
6	6	9	9	9
9	9	12	12	12
2	2	2	2	2
448.1	455.8	471.3	484.2	493.8
191.9	219.9	228.6	234.0	244.7
19.8	20.9	20.9	20.9	20.9